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NEWS SUMMARY

GENERAL Funding for new Europe missile... BUSINESS Kuwait may sell more oil... CONSTRUCTION cost of Sullom Voe oil terminal will rise to more than £1bn if BEP's plans for additional tanks, pumps and a fifth jetty are given the go-ahead. Back Page 4

Government plans public sector pay norm of 7-8%

BY PHILIP RAWSTORNE The Government intends to make a determined stand against the public service workers' campaign of industrial action, which begins today, in an attempt to save its anti-inflation policy from complete destruction. Ministers, admitting that the 5 per cent pay battle has been lost, are now prepared for a tough rearguard action to hold the public sector pay line at about 7-8 per cent.

NUR may seek same pay rise as miners

By Christian Tyler, Labour Editor A DEMAND for a formal pay inquiry, to give railwaymen a rise comparable to those won by miners and power workers this year, is being considered by the National Union of Railwaymen. This emerged as a last-minute attempt by British Rail to avert tomorrow's one-day strike by train drivers appeared to have failed.

Carter will present tight budget today

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON PRESIDENT CARTER will today present to Congress a "lean and tight" budget for the fiscal year beginning in October designed to demonstrate his commitment to fighting inflation. The President disclosed at his Press conference last week that the budget deficit had been reduced to about \$29bn, or about \$1bn under the estimated shortfall for the current fiscal year.

Race halted The Argentine Grand Prix was stopped 30 seconds after the start when the McLaren of Irishman John Watson lost a tyre. A number of other drivers were forced off the track including Andretti of the U.S., Lauda (Austria), Scheckter (SA) and Tambay and Pironi of France. Brazil's Fiquet was slightly hurt. Jacques Laffite of France, won the race.

'Spies' held West German security authorities carried out one of their largest counter-espionage operations in recent years, when information from an East German defector led to the arrests of at least five people connected with a nuclear research establishment at Karlsruhe. Page 2

Freighter probe As the first Vietnamese refugees came ashore in Hong Kong from the freighter Hney Fong, the captain and crew were being questioned by police. Hong Kong allowed the ship in after it had anchored offshore for a month but the captain could face four years in jail for carrying unscheduled passengers.

Murder charge A teenage boy was charged with murder at Corringham, Essex, after a fire in which two of his brothers and two foster children died. The boy's mother and two other children survived the blaze.

Sithole optimism The Rev. Ndabangisi Sithole, a member of Rhodesia's ruling executive, predicted that the war would subside after the one-man, one-vote elections scheduled for April. Patriotic Front leaders have said they will sabotage the poll.

Security march Nearly 3,000 people marched to the Texaco depot on Canvey Island, Essex, demanding increased security following the IRA bomb which damaged a storage tank last week.

Now it's fog! Thick fog replaced snow and ice as Britain's main weather hazard, with numerous flights cancelled at London Heathrow airport. The M4 was among roads on which speed restrictions were made.

Briefly... Gilt aged three who went missing on Saturday was found dead in Derby. Six people were burned to death in a fire near Cadiz, Spain. Jockey Lester Piggott's fourth attempt to win the Singapore Lion City Cup failed. He finished third. Troops loyal to Premier Pol are still resisting the Vietnamese invasion of Cambodia (Kampuchea). Winner of the \$75,000 Premier Bond prize listed in Surrey. No.: 522 451300.

EEC counts the cost of ending green currency

BY MARGARET VAN HATTEM UNPUBLISHED EEC statistics suggest that abolition of the green currency system, demanded by France during the negotiations for a monetary system, would have a far more dramatic effect on farm incomes than on member countries' balance of payments, if existing prices were unchanged. However, the EEC's budget costs would rise markedly. In the UK, food costs for the consumer would rise by about £1bn, but only £300m of that would represent the higher cost of food imports, now subsidised. The rest would go to the British food industry.

Emergency

The Cabinet's emergency committee under Mr. Merlyn Rees, Home Secretary, will meet today to review the first effects of the public services' industrial campaign as well as the transport strikes.

Khomeini's plans for return arouse fear of new clashes

BY ANDREW WHITLEY IN TEHRAN THE PLAN of the Ayatollah Ruhollah Khomeini, the Iranian religious leader, to return home next Friday after 14 years in exile has aroused fears that still further divisions may be provoked in the country. A leading Opposition politician close to the 78-year-old Ayatollah admitted that he was "astonished" that Khomeini was returning so soon, before the delicate negotiations between Khomeini's emissaries and Army generals had reached any conclusion. On hearing the news at the weekend, Mr. Shahpour Bakhtiar, the Prime Minister, restated his determination to stay in office on the grounds that he was the country's legitimate authority. In any but highly abnormal circumstances, Shi'a Moslem leaders do not criticise each other, preferring a common platform. But in response to Khomeini's derogatory description of the most senior religious leader in Iran, Ayatollah Kazem Shariat-Madhari, at Qom, as "a moderate in the American sense of the word," he retorted yesterday that if this were so, then Khomeini was "an extremist in the same sense."

Small step

Criticism of the budget is not likely to be confined to the liberal wing. One conservative Republican, Senator William Roth of Delaware, said at the weekend that the President had taken "a small step towards restraint when we need a giant leap."

Weak dollar

A reduction in growth, if associated with greater expansion among the major trading partners of the U.S., should bring about an appreciable reduction in the external U.S. payments deficit. This could contribute to relieving one of the fundamental factors that has weakened the dollar.

Get the best hospital treatment in the country, and leave your cheque book at home.

Don't despair if you have been told you need an operation but there are no beds available. We may be able to help. The SBL Extended Credit Scheme, launched this month, has been designed to provide a realistic alternative for patients in need of hospital attention now. It could be your passport to the very best in private medicine - at hospitals like The Harley Street Clinic or the Princess Grace Hospital and soon in new acute-care hospitals at Windsor, Harrow, Manchester and Birmingham. How does it work? Very simple. We ask you to fill in a standard credit application form. Your doctor does the rest. Your bill, including doctors' fees whilst in hospital, will be spread over 12 months at absolutely no additional cost. If you already have medical insurance, the SBL Scheme can take care of any part of the hospital account which may not be covered. Have your treatment when you really need it. No worries about paying interest on bank loans. For more details, complete the coupon below.

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Name Address SBL Extended Credit Scheme Send to Harley Street Medical Services Ltd. 4 Cornwall Terrace, London NW1 4QP.

OVERSEAS NEWS

Carter earmarks budget funds for middle-range European missile

BY DAVID BUCHAN IN WASHINGTON

THE U.S. may deploy in Western Europe nuclear missiles capable of hitting targets deep inside the Soviet Union by the mid-1980s. This would be a major departure as none of the American missiles presently in Europe have a range of more than 450 miles.

missile is seen as a response to the Russian SS-20 missile (which carries three warheads and is targeted on Western Europe), and the threat posed by the super-sonic Soviet Backfire Bomber. Neither the SS-20 nor the Backfire Bomber, provided it is not deployed on inter-continental strike missions against the U.S. itself, would be restricted under the proposed Salt 2 treaty.

The option of a new longer range missile in Europe, which would take several years to develop and produce, was endorsed at the U.S., British, French and West German summit in Guadeloupe earlier this month. The four leaders clearly wanted to avoid last-minute differences inside the NATO alliance over the neutron bomb.

The new budget keeps open President Carter's option in order deployment of the neutron bomb at some later date, however. Funds are provided for the continued production of the Lance missile and the 155 mm Howitzer—the two likeliest weapons on which the neutron bomb warhead might be fitted.

Spending on world rail systems may top £12bn

By Ian Hargreaves, Transport Correspondent

CAPITAL expenditure on railways outside the U.S. and the Communist world is expected to rise by 18 per cent to over £12bn this year, according to the latest investment poll by the International Railway Journal.

Saudi financial scrutiny hits foreign contractors

BY JAMES BUCHAN IN JEDDAH

THE OPERATION of strict financial measures covering projects in Saudi Arabia, which has already caused considerable problems for overseas contractors, have received additional support from Crown Prince Faisal.

In a statement to the Council of Ministers, the Crown Prince said that while the Government was anxious to see projects under the current five-year development plan carried out quickly "it is our duty to see that costs are realistic."

The stringency measures, introduced in the June 1978 budget to reduce Ministry waste and cope with a revenue shortfall, include a stipulation that no commitment on new projects with a total value of over 100m Saudi riyals (£15m)—and very few are less—can be made without the prior approval of the Crown Prince's office.

Rhodesia war 'will ebb after elections'

THE REV. Ndabingi Sithole, one of the leaders of Rhodesia's transitional Government, forecast yesterday that the war in Rhodesia would subside after one-man, one-vote elections were held on April 20, AP reports from Salisbury.

He made the forecast despite the pledge of the Patriotic Front guerrilla alliance to smash the April poll. Mr. Sithole said the new nation of Zimbabwe (Rhodesia) stood a good chance of winning international recognition. He said he had received favourable indications from Western European and African countries which he did not name.

Spy sweep after Berlin defection

BY ADRIAN DICKS IN BONN

WEST GERMANY'S security authorities carried out one of their largest counter-espionage operations of recent years over the weekend, when information from an East German defector led to the arrests of at least five people connected with a nuclear research establishment at Karlsruhe.

The defector, who has not been named, fled to West Berlin last Friday night from the East German Ministry of State Security. He was accompanied by his wife and child and was still under interrogation last night. It is understood that he brought a large quantity of documents with him.

It was not clear last night who the other four arrested suspects were, or whether they were all employees of the recycling company. Counter-intelligence officials believe the spy ring to have been "important, but not in the top category," according to the West German news agency.

Somali Moscow thaw

Somali President Mohamed Siad Barre has opened the way for future co-operation between his country and the Soviet Union despite their split over Moscow's support for Ethiopia during the Ogaden war 14 months ago. Reuter reports from Mogadishu.

Atherton hears Israeli decisions

BY L. DANIEL IN JERUSALEM

MR. MENACHEM BEGIN, the Israeli Prime Minister, met with Mr. Alfred Atherton, the U.S. special envoy, yesterday to inform him of decisions reached at a five-hour meeting of the Israeli Cabinet.

Speculation here is that the American letter proposed making paragraph six of the proposed peace treaty more acceptable to Israel. This is the paragraph dealing with the question of Egypt's previous undertakings overriding the new treaty.

negotiations are not promising with the situation in Iraq providing an additional complication. Some Egyptian officials believe that the Iranian crisis may further delay progress with all three parties to the stalled talks.

No rise in canal tolls

BY ROGER MATTHEWS IN CAIRO

SUEZ CANAL tolls are to remain unchanged until at least 1980. This was stated by the chairman of the Suez Canal Authority, Mr. Mashhour, in an interview published here and aimed at halting speculation that tolls would be increased in line with the latest crude oil price rises.

SHIPPING REPORT

New optimism on tanker market

BY OUR SHIPPING CORRESPONDENT

WORLD OIL tanker markets can be expected to show a general improvement this year, according to a leading analyst. Mr. A. Gordon Bayley, formerly tanker consultant to the UN, says in his annual review of world tanker prospects that prospects are looking brighter for all but very large crude carriers over 175,000 dwt.

of the tanker surplus by neglecting the possibility that many ships now laid up will prove too expensive to operate and that shipowners may continue to find it more economical to operate their ships at well below their maximum capacity to save fuel. By mid-1979, Mr. Bayley forecasts that the overall surplus in the fleet will be reduced to 68m dwt, falling to 23m dwt by mid-1981 and producing an actual deficit by 1982. However, at this point there would still be a surplus of ULCCs.

India bank strike ends

Indian bank employees yesterday agreed to end nearly a month of strikes and work slowdowns and to re-negotiate their wage and other demands, the Government announced, AP reports from New Delhi.

UN plan for Lebanon stability

BY OUR UN CORRESPONDENT

WITH THE situation in southern Lebanon again explosive following a new Israeli strike against Palestinian guerrilla bases and Lebanese leftist forces, the UN and the Lebanese Government will shortly try to agree on a programme to promote Beirut's authority over the troubled region.

the use of UN troops, refused to participate in the vote. A key paragraph of the resolution deplored Israel's lack of co-operation with UNIFIL and its support for the Lebanese Christian Militia, which controls a six-mile zone along the Israeli border.

entry or passage of the Lebanese army. Mr. Blum warned the Council that Israel "will continue its policy of taking necessary action against PLO bases used for the training of terrorists and for launching criminal activities against Israel."

BL to boost EEC sales of Range and Land-Rovers

BY KENNETH GOODING

THE LAND-ROVER subsidiary of BL expects to raise substantially European sales of Land-Rovers and Range Rovers as the first stage of its production expansion programme comes on stream.

Ship aid for W. Germany introduced

By Adrian Dicks in Bonn

THE WEST GERMAN government's new series of measures to help the hard-hit shipbuilding and shipping industries has now been set in place, and has been welcomed by spokesmen for the two sectors.

For the shipyards, the new subsidies will take the form of a payment out of public funds of 10 per cent in 1979 and 1980, and 7.5 per cent in 1981, of the value of each new order for a high-technology, ocean-going vessel.

Desai China pledge

Indian Prime Minister Morarji Desai reassured the Soviet Union yesterday that any warming of India's policy towards China would not be at the expense of a third country, AP reports from New Delhi.

Pol Pot forces in fierce clashes with invaders

BANGKOK — Fierce clashes were reported to have taken place in Cambodia yesterday between pro-Vietnamese forces and troops loyal to the Pol Pot regime.

ter since the fall of Phnom Penh. Border officials said four Thai border police were wounded yesterday in a clash with a group of armed Khmer Rouge who were trying to take refuge in a district east of Bangkok.

India gets £145m aid from Britain

By K. K. Sharma

FRESH British grants to India totalling £145m are to be announced this week when Sir Peter Preston, Permanent Secretary of the Ministry of Overseas Development, arrives here for talks.

World Economic Indicators

Table with columns: Country, Dec 78, Nov 78, Oct 78, Dec 77, % change over previous year, Index base 1967=100. Rows include U.S., France, Italy, West Germany, Japan, UK, Holland, Belgium.

BRAZIL AND NIGERIA

Developing giants forge new links

BY DIANA SMITH IN RIO DE JANEIRO

BRAZIL AND Nigeria, the rapidly growing giants of their respective continents, have much to offer each other in terms of trade and the recent visit here by Nigeria's Vice-President, Brigadier Shehu Yaradua, has resulted in a new commitment on both sides.

"The Nigerians want to sell us more oil, and we are content to buy more oil and natural rubber, to build up stocks," diplomatic sources said. Brazil's trade surplus with Nigeria contrasts strikingly with its Middle Eastern deficits (a \$1.2bn trade gap with Saudi Arabia alone). While, with Nigeria, there are similarities of attitudes, climate and soil or subsol conditions affording more rapid grasp of mutual problems or advantages, Brazil's negotiators, despite valiant efforts to learn how to deal with Arab requirements and outlooks, have frequently suffered from market disadvantages in their attempts to persuade the Middle East to "buy Brazilian."

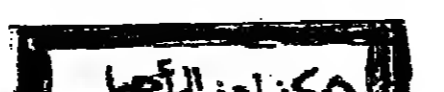
during Brigadier Yaradua's visit covered farming and livestock breeding, equipment for meat freezing and packing plants, engineering services for port improvements, hotel construction, urban development, railway building and mining. Furthermore, ground has been laid for joint banking ventures between Brazilian and Nigerian concerns—a logical step, diplomats say, since Nigerian law forbids foreign banks to set up operations on their own.

Lagos Caribbean loan

Nigeria has become the first African country to offer a loan to the Commonwealth Caribbean, Tony Crozier writes from Bridgetown. An agreement has been signed between the Nigerian government and the Caribbean Development Bank for the sum of \$5m. It will be used to finance agricultural credits through the state development banks and government counterpart contributions to Caribbean Development Bank projects.

Orenburg pipe finished

The 1,700 mile "Soyuz" gas pipeline linking the rich Orenburg gas deposits with Eastern Europe has been completed after four years of work by the Soviet Union and East European members of Comecon. David Satter writes from Moscow.

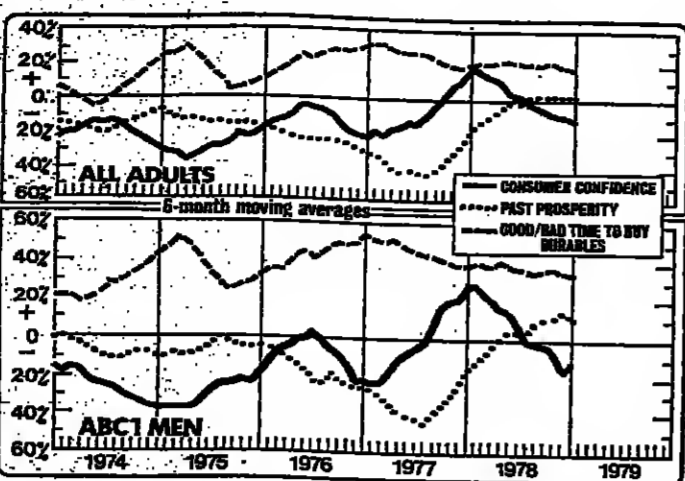


FT SURVEY OF CONSUMER CONFIDENCE

Industrial unrest raises pessimism level to 41%

BY DAVID CHERRILL, CONSUMER AFFAIRS CORRESPONDENT

CONSUMER CONFIDENCE has been sharply dented by the wave of industrial unrest...



The index of 'future confidence' has fallen to 27 per cent - the lowest level since late 1976...

by a considerable margin the group least likely to buy at present. In spite of the depressed consumer confidence for the future...

Earnings rise forecast for clearing banks

BY MICHAEL LAFFERTY

EARNINGS of the big London clearing banks will rise by at least 20 per cent in 1978...

offices, or building premises to meet decentralisation plans. Laing and Cruickshank forecasts slower growth in banking assets...

The firm says in its annual review of clearing banks. The sector is moving out of a period when profits were insufficient to finance their capital requirements...

Laing and Cruickshank calculate that the minimum return on assets needed to make the clearing banks self-financing and still able to increase dividends will be 20-30 per cent lower than in recent years...

According to age groups, however, the under-35s has not suffered such a large fall in future confidence as the over-35s...

In 1973-77 the banks' need for capital grew rapidly because of heavy spending on fixed assets, while rapid growth in banking assets needed large additions to free capital...

The time to buy 'big things for the house' sector of the index is up by 14 percentage points to 20 per cent. However, the index was at an unusually low level last month...

The public-sector borrowing requirement is expected to rise from £8.2bn in the current financial year to £9bn in 1979-80.

UNLESS insurance companies exercised greater control over their agents they faced the prospect of a full Government licensing system of agents in the near future...

In such circumstances consumers would ask what protection was provided if they dealt with an insurance agent rather than a registered insurance broker.

Run of snags shuts petrochemical plants

BY SUE CAMERON, CHEMICALS CORRESPONDENT

ACCIDENTS, technical faults and industrial disputes have shut down 10 European petrochemical plants over the past few months.

Big groups say that the consequent product shortages should help them to raise prices. They say that the effect of the closures has been to tighten the market while all base chemical producers are suffering from serious overcapacity.

worsened by an industrial dispute over retraining. The Spanish Espetrol's ethylene cracker at Tarragona was halted last month because of an instrument fault.

Shell Nederland Chemie's ethylene cracker at Moerdijk, Holland, cut out and had to be taken out of commission briefly last month.

Shell Chemicals UK plant at Carrington was shut for alterations enabling it to crack gas oil as well as naphtha.

Chemical companies face Third World competition

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL COMPANIES that believe their markets will never be closed by competition from the developing countries are living in a 'fool's paradise'...

producers tried to gain significant shares of traditional petrochemical markets on the basis of subsidised exports.

Mr. Michael Hyde, publisher of Chemical Insight, said that even if only half the petrochemical plants planned by developing countries were built, they would still adversely affect world markets.

At the very least, the advent of new sources of production will force a continuing re-appraisal of production and marketing strategies.

Mr. Hyde said he had identified more than 100 ethylene projects in 55 developing nations. His forecasts, based on the assumption that less than half these plants would materialise between now and 1990...

He warned that, in improving existing processes, 'managements would be wise not to licence their new technology as readily and as cheaply as they have in the past.'

Credit delays costing thousands in exports

BY CHRISTOPHER PARKES

EXPORT ORDERS worth many thousands of pounds are being lost to British industry because of delays in the Government's Export Credits Guarantee Department...

that information was sometimes difficult to obtain from remote parts of the world, but the bulk of the 5,000 weekly applications were answered in two days.

Mr. Alan Blanch, chairman of the British Agricultural Export Council, said that his company had waited six weeks, sometimes longer, for a reply from the Department.

The seminar, which concentrated on finance services for small and medium-scale exporters, was organised as a result of a recent Government report that criticised the lack of assistance for smaller agricultural companies.

Financial Times plans two conferences

LEADING SPEAKERS from industry and Government will take part in a two-day conference called Tomorrow in World Electronics...

presented by Dr. Fritz-Rudolf Guentisch, of the Federal Ministry for Research and Technology, and Mr. Leslie Huchfield, Parliamentary Under-Secretary for Industry.

It will review important developments and assess their impact on industry, employment and the community. Mr. James Prior, Opposition spokesman for employment, will open the debate on the technological revolution and society.

The Financial Times, with the Trade Policy Research Group, is organising a two-day conference on Invisible Barriers to Trade on March 28 and 29 at the London Press Centre.

Five new exhibitions for Harrogate

By Anthony Moreton, Regional Affairs Editor

FIVE NEW exhibitions will be held in Harrogate this year, taking the number of exhibitions and conferences held in the town to a record level.

virtually none available this year. Even December, normally a very quiet month, has received bookings and one exhibitor has taken space until Christmas Eve.

This year's newcomers range from 'fashion fabrics' to 'mining, electrical and mechanical engineers'. The record total for conferences was set in 1974 when 459 were held.

Airlines and the aircraft industry have been asked to help the Royal Aeronautical Society in an appeal for cash to recoup the £300,000 it is paying for a new lease on 4 Hamilton Place, its Mayfair headquarters.

MPs seek expert opinion on public spending cuts

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN ALL-PARTY committee of MPs hopes to enlist the help of a wide range of academic and City economists in its examination of the Government's public spending plans.

papers are likely to be published. This is partly because the examination of the new White Paper may be rather lower key than last year since, on the face of it, the plans and presentation are less controversial.

members of the sub-committee will, no doubt, be keen to press the Treasury on the inflation prospects.

The inquiry is being carried out by the general sub-committee of the Commons Expenditure Committee, chaired by Mr. Michael English, Labour MP for Nottingham West.

It will involve a number of public hearings near the end of the month when senior Treasury officials - and possibly also Mr. Joel Barnett, the Chief Secretary to the Treasury - will be questioned about the economic background and detailed plans in the expenditure White Paper published last Wednesday.

THE PROPOSED volume of public expenditure is completely inappropriate in view of the private sector's likely need to borrow more, according to stockbrokers W. Greenwell and Co.

In their latest monetary bulletin, published this morning, the brokers argue that private sector borrowing needs will rise because of lower profit margins, resulting from sterling's relative strength, the cost of high wage settlements, strikes and industrial disruption, and the planned extension of price controls.

However, 'the private sector is already being crowded out of financial markets by the public from outsiders, while welcoming new sources of production will force a continuing re-appraisal of production and marketing strategies.'

reduction in public spending (excluding financial transfers and debt interest) by 1.5 per cent in 1978-79 and by 4.6 per cent in 1977-78 was an important reason for the underlying improvement in the economy which began towards the end of 1977.

However, unlike last year the sub-committee is not publicly or formally requesting submissions on whether the UK should join the European Monetary System.

The fall in public expenditure was largely reserved in 1978-79, which in turn is an important reason why the improvement in the economy will not be sustained.

Proposed expenditure volume 'inappropriate'

BY OUR ECONOMICS CORRESPONDENT

THE PROPOSED volume of public expenditure is completely inappropriate in view of the private sector's likely need to borrow more, according to stockbrokers W. Greenwell and Co.

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CONTRACTS AND TENDERS

KOLAGHAT THERMAL POWER STATION EXTENSION PROJECT WEST BENGAL, INDIA

Pre-qualification of Suppliers for Turbine-Generator Plant.

Kolaghat Thermal Power Station of West Bengal State Electricity Board located in the district of Midnapur in West Bengal, India, and consisting of 3 units of 200 MW (nominal) is now planning for an expansion by another 3 units of 200 MW (nominal). The turbine-generator plant for this expansion project will be purchased by global bidding.

Suppliers interested in receiving inquiries for turbine-generator plant are invited to register for pre-qualification of the suppliers for Kolaghat Thermal Power Station Extension Project by providing the following information:

- 1 Description and capacity of manufacturing facilities. 2 A Experience with manufacture and installation of similar type and size of unit. 1 In the country of origin 2 Export project outside country of origin 3 Experience in Asian country and tropical region 4 Details of experience shall cover 1 Supply of equipment 2 Turnkey project management 3 Erection and commissioning of equipment supplied. Best possible delivery, erection and commissioning schedule acceptable under penalty 4 Latest annual report and balance sheets 5 Availability of spares and service facilities in India

To be considered for the aforesaid pre-qualifications, all of the above information must be sent to the following addresses by the 10th of February, 1979:

- A Mr. B. K. Banerjee - Additional Chief Engineer (P and E), West Bengal State Electricity Board, New Secretariat Building (7th Floor), 1, K.S. Roy Road, Calcutta 700001, India. B Development Consultant Private Ltd., 245 Park Street, Calcutta 700016, India. One Copy Three Copies

All correspondence should be in English. Owner reserves the right to verify all statements and to disqualify any suppliers without assigning reasons therefor. Further correspondence from the suppliers, 'not prequalified' for the planned project shall not be entertained. The following factors, among other points, will be considered in evaluating subsequent quotations:

- Installation cost, operating and maintenance cost, compliance with specifications, supplier's experience, delivery schedule, guarantee, inspection and expediting cost, terms of payment and spare parts. Equipment, materials and services covered under this package specification include: Three (3) Nos. 200 MW (nominal) each condensing turbine-generator rated for continuous operation. The inlet steam conditions shall be 147 bar at 535 degrees C with single reheat at 535 degrees C. The generator will be 3 phase, 50 c/s, 0.85 P.F. The scope of services shall include turbine-generator, condensate pump, steam extraction plant, feed heating plant, boiler feed pumps, chemical feed pumps, piping, control, instruments, motor control centre, power and control cables and steam bypass dumping to condenser for stable turbine-boiler operation on load drop. Responsibilities shall include supply, transportation to site, handling, erection, testing and commissioning of the plant.

PEOPLE'S REPUBLIC OF MOZAMBIQUE

TEA REHABILITATION PROJECT The Government of the People's Republic of Mozambique will shortly embark on a project for the rehabilitation of 17 state-owned tea factories in the Zambezia Province. The objectives of the project will be to improve the general conditions and performance of existing machinery, to increase the capacity of the newer factories and to improve the quality of tea production.

Interested in submitting proposals for supplying equipment and spare parts are requested to apply to the address below for pre-qualification. Only pre-qualified firms will be invited to submit detailed proposals for carrying out the assignment.

The closing date for receipt of pre-qualification documents is fixed on 15th February, 1979. ADDRESS: THE BOARD OF DIRECTORS OF BANCO POPULAR DE DESENVOLVIMENTO P.O. BOX 767 MAPUTO PEOPLE'S REPUBLIC OF MOZAMBIQUE, E. AFRICA.

CONTRACTS AND TENDERS

For further details contact: FRANCIS PHILLIPS on 01-248 8000 Ext. 456

ANNOUNCEMENT FOR ADDITIONAL EQUIPMENT PURCHASES FOR THE EXPANSION OF THE INTEGRATED STEEL PLANT AT ERGILI, TURKEY

Ergili Demir ve Celik Fab. T.A.S. at Ergili, Turkey, has already started an expansion project aimed at increasing its liquid steel capacity to 2 million metric tons by 1981. Following additional facilities are to be purchased and installed using World Bank financing and under international competitive bidding procedures:

- 1. Additional emergency steam turbine drive system for existing 2 x 725 rpm. 2. Argon (50 mm3/h x 8 kg/cm2) and nitrogen (500 mm3 x 8 kg/cm2) recovery facilities utilizing existing oxygen plant. 3. Coke oven gas desulfurization plant (300 m3/hr). 4. Ammonia absorption and recovery unit for coke oven gas. 5. Two-way (stock Ozon) separating device to be used for bulk-carrier ship hold cleaning.

Invitations to bid on the facilities listed above will be furnished only to those firms who have been previously qualified for the specific items to be purchased. Therefore, firms wishing to be so qualified should communicate in writing, in the English language, with:

ERGILI DEMIR VE CELIK FABRIKALARI T.A.S. Proj. ve Tesis Genel Mudur KIZILIRMAK - TURKEY

Such communication must be received at the above address no later than February 15, 1979. Information as to the requirements for pre-qualification of bidders will be forwarded to those responding to this advertisement.

OVERSEAS UNION BANK LIMITED (Incorporated in the Republic of Singapore) US\$15,000,000 Floating Rate Certificates of Deposit due 1981 In accordance with the provisions of the Certificates of Deposit, notice is hereby given that for the six-month period from 12th January, 1979 to 12th July, 1979 the Certificates will carry an Interest Rate of 12 3/8 per cent per annum. By: Singapore Nomura Merchant Banking Limited Agent Bank

UK NEWS

Banks set up £84m credit for BL dealers

AN ACCEPTANCE credit totaling £84m is being assembled by a group of City of London banks as part of the new scheme to finance the vehicle stocks of BL (British Leyland) dealers.

Value of building orders down £113m. in November

CONSTRUCTION ORDERS in November fell for the first time in four months, according to provisional figures published by the Department of the Environment.

Car makers study voluntary fuel curbs

A VOLUNTARY scheme to reduce petrol consumption by cars substantially is being hammered out by the Society of Motor Manufacturers and Traders.

Some manufacturers defy pickets to get supplies

SOME MANUFACTURERS have started to show they are prepared to defy picketing lorry drivers to pick up vital supplies.

Counting the cost for food and farms

FOOD AND farming industries have begun assessing the long-term impact on production and trade of the lorry drivers' strike.

Irish Foreign Minister meets Mason this week

MR MICHAEL O'KENNEDY, the Irish Foreign Minister, is to visit London this week, probably on Wednesday, for a meeting with Mr Roy Mason, the Secretary of State for Northern Ireland.

Wales

MANY MANUFACTURERS in Wales will be closing their plants at the end of the week even though picketing is easing in certain areas.

NORTH

A GROUP of lorry drivers will meet in Manchester today to try to organise a return to work on the basis of the Road Haulage Association's present 15 per cent offer.

MIDLANDS

HOPES of averting further large-scale lay-offs in the Midlands this week depend on the response of lorry drivers to the union instruction to end secondary picketing.

LONDON & SOUTH

ALTHOUGH picketing in London and the southern areas was patchy over the weekend, many companies reported that supplies were not getting through.

Tax deposit interest rates rise

INTEREST RATES for certificates of tax deposit have been raised from today.

Papers gain from Times closure

FLEET STREET "quality" newspapers, both daily and Sunday, have benefited from the closure of Times Newspapers over the past 50 days.

ULSTER

THE 48-HOUR clampdown on the movement of essential goods by striking lorry drivers in Ulster appears to have had little effect.

British Steel to lay off last of tinplate workers

THE LAST of the British Steel Corporation's 6,500 production workers at Ebbw Vale, Trostre and Vellindre are to be laid off this morning.

Pensions rise 'should have been bigger'

OLD-AGE pensioners are receiving less than they are entitled to, Mr Hugg Faulkner, director of Help the Aged, says in a letter to Mr David Eynalls, Social Services Secretary.

United Biscuits to raise prices

THE PRICE Commission is to allow United Biscuits to put up prices for a range of biscuits, crisps, nuts, and savoury snacks by just under 4 per cent.

Far from end of a costly story

THE COST of building the massive oil terminal at Sullom Voe in the Shetland Islands has risen inexorably since first plans were tentatively laid in the early 1970s.

Mulley may discuss arms with Australian Minister

POSSIBLE Australian purchases of UK defence equipment and the changing strategic situation in South-East Asia are expected to be on the agenda this week when Mr Jim Killen, Australian Defence Minister, visits Britain for talks with Mr Fred Mulley, Secretary for Defence.

Peterborough port scheme costed at £45m

IT WOULD cost £45m to develop Peterborough as an island port, according to a report from the British Waterways Board.

Security men continue strike

LIVERPOOL'S 90 security men who patrol parks and recreation grounds decided yesterday to continue striking over the suspension of three colleagues.

UK leases Japan DC-10

British Caledonian Airways signed a \$58m contract to lease a U.S. McDonnell Douglas DC-10 tri-jet for 10 years from Orient Leasing of Japan.

Extra costs

Construction has been marked by endless wrangling between more than 30 oil companies involved in exploiting the offshore fields in the prolific East Shetland basin.

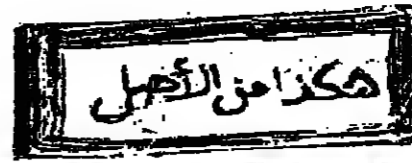
Airport closed

NORWICH AIRPORT was not open today because of the one-day stoppage by the National Union of Public Employees and the transport workers' union.

More equipment

In May, the oil companies involved in Sullom Voe will hold their annual meeting to decide what quantities of oil they intend to put through the terminal in four years' time.





Engineering union accused of bending the rules

BY ALAN PIKE, LABOUR CORRESPONDENT
LEADERS of the Amalgamated Union of Engineering Workers...

Computer staff ballots on action which could delay Access bills

COMPUTER STAFF belonging to the National Union of Bank Employees...

Law cannot stop trade unions abusing power - Lord Denning

FINANCIAL TIMES REPORTER
LORD DENNING, Master of the Rolls, declares that the law can do nothing to prevent abuses of power by trade unions...

Manchester bus crews stop work

BUS CREWS in Greater Manchester are to stage a one-day stoppage today...

Group Gold Mining Companies Orange Free State
(All companies are incorporated in the Republic of South Africa)

FREE STATE GEDULD
Free State Gold Mines Limited
ISSUED CAPITAL: 10 440 000 shares of 50 cents each

PRESIDENT STEYN (Continued)
Quarter ended Dec. 1978
Quarter ended Sept. 1978

PRESIDENT BRAND
President Brand Gold Mining Company Limited
ISSUED CAPITAL: 14 040 000 shares of 30 cents each

FREE STATE SAAIPLAAS (Continued)
Quarter ended Dec. 1978
Quarter ended Sept. 1978

WELKOM
Welkom Gold Mining Company Limited
ISSUED CAPITAL: 12 250 000 shares of 30 cents each

FREE STATE SAAIPLAAS (Continued)
Quarter ended Dec. 1978
Quarter ended Sept. 1978

WESTERN HOLDINGS
Western Holdings Limited
ISSUED CAPITAL: 7 496 378 shares of 50 cents each

FREE STATE SAAIPLAAS (Continued)
Quarter ended Dec. 1978
Quarter ended Sept. 1978

PRESIDENT STEYN
President Steyn Gold Mining Company Limited
ISSUED CAPITAL: 14 388 400 shares of 50 cents each

FREE STATE SAAIPLAAS (Continued)
Quarter ended Dec. 1978
Quarter ended Sept. 1978

FREE STATE SAAIPLAAS
Free State Saaipplaas Gold Mining Company Limited
ISSUED CAPITAL: 28 100 000 shares of R1 each

FREE STATE SAAIPLAAS (Continued)
Quarter ended Dec. 1978
Quarter ended Sept. 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Development values represent actual results of sampling...

MOTOR CARS

R H R Owen

OFFICIAL ROLLS-ROYCE & BENTLEY DISTRIBUTOR.

- 1978 ROLLS-ROYCE PHANTOM VI 7-SEAT LIMOUSINE
1978 BENTLEY T2 SALOON
1978 ROLLS-ROYCE SILVER WRAITH II without Div
1978 ROLLS-ROYCE SILVER SHADOW II SALOON
1978 ROLLS-ROYCE SILVER SHADOW II SALOON
1978 ROLLS-ROYCE SILVER SHADOW II SALOON
1977 ROLLS-ROYCE SILVER SHADOW II SALOON
1976 ROLLS-ROYCE SILVER SHADOW SALOON
1976 ROLLS-ROYCE SILVER SHADOW SALOON
1974 ROLLS-ROYCE CORNICHE CONVERTIBLE
1973 ROLLS-ROYCE SILVER SHADOW SALOON
1972 ROLLS-ROYCE SILVER SHADOW SALOON

MAY WE PURCHASE YOUR ROLLS-ROYCE OR BENTLEY MOTOR CAR?

We lease top cars for top people

01-629 9060 Berkeley St W1. 01-584 9451 South Kensington, SW7. 01-493 1691 Greenford, Middlesex for Sales, Service & Parts. 01-453 7111 Hampstead, N2.

Lex Mead The Supreme Choice MAIDENHEAD (0628) 33188
1978 (April) Corniche Convertible
1978 (January) Corniche Convertible
1979 (January) Silver Wraith II

I.D.G. Ltd.

OFFER THE LARGEST SELECTION OF USED 604 PEUGEOT SALOONS

- 1975 SL Manual. Leather. Brun Santal. 3,400 cc miles. £4,250
1975 SL Manual. Leather. Bron. Santal. 19,000 cc miles. £4,495
1975 SL Auto. Leather. Pierre DeLune. 26,400 cc miles. £4,775

Personal Export and Leasing Specialists. For further details and the address of your nearest I.D.G. Peugeot Dealer telephone our Sales Manager on Cheltenham 28945/B.

GUY SALMON

SALE SALE SALE

- NEW ROVERS AT 1978 PRICES
We Offer Ex Works
ROVER 2300 Avocado/Nutmeg Manual 4-speed. £5,450
ROVER 2300 Pandion/Cavir. Automatic. Power steering. £5,948

The above cars are offered at substantially less than Pre-Increased Prices and must be sold or leased to make space available for other stock

PHONE FOR IMMEDIATE ADVICE - 01-396 4222

GRANGE MOTORS

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- 1977 (S) Rolls-Royce Phantom VI. Willow gold over nutmeg. Tan leather to front. Tan velour to rear.
1977 (S) Silver Shadow II. Honey. brown hide piped in magnolia. tinted front screen.
1977 (S) Silver Shadow II. Droye. beige. West of England cloth interior trim piped in dark brown.

Brentwood, Essex. Tel: (0277) 216161. Sunday opening hours 11am-1pm. Leasing available on all cars.

If you're looking for something special, talk to the specialists.

A.F.N. Limited Showroom, Service and Parts 400, London Road, Isleworth, Middlesex. Telephone: 01-530 1011 Telex: 261135

BMW 520

Ice Blue Saloon (M) registration, with only 12,000 miles recorded for leasing or buying your 1979 Lancia find out about our great deals while stocks last.

AUTOSEARCH LTD

- 1970 T. Reg. Porsche 928 Auto. Guards Red with Black Leather. Black and White Check Cloth Centre. Cruise Control. Delivery mileage. £25,950.
1978 Porsche Turbo 3.3. Petrol Blue with Tan Leather. Air Conditioning. Electric Sunroof. Radio/Cassette Player. 1 owner. 2,000 miles. £27,750.

THE HIGH STREET, RIPLEY, SURREY TEL: (048643) 2485

The Chequered Flag

London's leading Lancia specialists FULL GAMMA & BETA RANGE FROM OVER 100 CARS FOR SALE OR LEASE

MOTOR CARS ADVERTISING Only \$3.50 per line (minimum three lines) \$16.00 per single column centimetre (minimum three cms)

Return this coupon with details of your vehicle(s) together with your cheque and publication will take place next Saturday.

CLASSIFIED ADVERTISEMENT DEPARTMENT FINANCIAL TIMES 10 CANNON STREET, LONDON EC4P 4BY

ten Street

LEASING SPECIALISTS Specialist January discounts on all Lancia range from the elegant Beta Saloon to the prestigious Gamma Coupe.

DISTINCTIVE MARKS LTD.

Table with columns: KEN 1, AT 4, AD 50, AV 8, AV 9, AV 10, AV 11, AV 12, AV 13, AV 14, AV 15, AV 16, AV 17, AV 18, AV 19, AV 20

WATERLOO CARRIAGE

England's largest Lancia dealer 38-48 THE CUT SE1 Telephone 01-928 1922 Telex 917033

RICHARDSONS FOR TRUCKS

021-552 2803 - Telex: 336183 4 and 6 wheel Bedford TM Immed. del. - keen prices

JUNE 1974 ROLLS ROYCE (SILVER SHADOW)

One owner, chauffeur driven, immaculate condition Driven 34,000 miles PRICE: £18,000

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NEW CARS - IMMEDIATE DELIVERY GRANADA 2.000GL Auto. Gold 2.5i Ghia Auto. Jupiter Red

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has very special cars - BMW's You can sell, service, buy, test-drive, export, lease and finance, new BMW cars - all in one centre.

normans CITROEN CX

PRICE INCREASE JAN. 1st BUY FROM OUR STOCK OF SALOONS & SAFARI ESTATES AT CURRENT PRICES

YOUR BMW CENTRE

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ASTON MARTIN

1978 Aston Martin V8 Old English pewter. 1 owner. 10,000 miles only £18,250

YOU'RE ONLY SECONDS AWAY BY PHONE

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WADHAM STRINGER

ROLLS-ROYCE

- Official Distributors for Rolls-Royce and Bentley. H.A. FOX 34 Dover Street, London, Tel. 01-499 8952
1977 June. Rolls-Royce Silver Shadow II Saloon. Caribbean Blue, Dark Blue leather. Speedometer 1978 Mar. Rolls-Royce Silver Shadow II Saloon.

GUILDFORD Woodbridge Road, Guildford, Surrey. Tel. 02231. TX: 85255

TORQUAY Liburne Square, Torquay, Tel. (0803) 24321

For that special car - some special finance. A comprehensive range of leasing packages is available from WADHAM STRINGER LEASING

Other Quality Cars

TORQUAY Liburne Square, Torquay, Tel. (0803) 24321

CHICHESTER Westhampton Road, Chichester, Tel. 81331

ISLE OF WIGHT Rivecourt, Newport, I.O.W. Tel. Newport 3555

WOKING Goldsmith Road, Woking, Tel. 61444

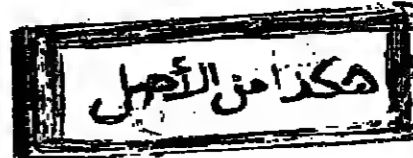
SKELLYS (MERSEYSIDE) LTD Lincrope Lane, Bootle, Merseyside, Tel. 051-222-8501

MILCARS OF MILL HILL The Complete BMW Dealer

MTC CARS LTD. Dealers for Mercedes, De Tomaso and Alfa Romeo.

LOTUS LEASING SPECIALISTS

ten Street CHELSEA



COMPANY NOTICES

ANGLO-AMERICAN CORPORATION GROUP
TRANSVAAL GOLD MINING COMPANIES
FINAL DIVIDENDS—FINANCIAL YEARS ENDED
DECEMBER 31 1978

On January 16 1979 dividends were declared in South African currency...
The effective rate of non-resident shareholders' tax for the undermentioned companies is 15 per cent.

Table with 3 columns: Name of company, Dividend, Rate of dividend per share.

EAST DAGGAFONTAIN MINES LIMITED
The directors of East Daggafontain Mines Limited have decided not to declare a final dividend for the year ended December 31 1978.

THE SOUTH AFRICAN LAND & EXPLORATION COMPANY LIMITED
The directors of the South African Land and Exploration Company Limited have decided to declare a dividend of 25 cents a share in respect of the year ended December 31 1978.

ANGLO-AMERICAN CORPORATION DE SOUTH AFRICA LIMITED
The directors of Anglo-American Corporation de South Africa Limited have decided to declare a dividend of 25 cents a share in respect of the year ended December 31 1978.

SOUTHVAAL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
DIVIDEND FOR YEAR ENDED DECEMBER 31 1978

On January 16 1979 dividends were declared in South African currency...
The effective rate of non-resident shareholders' tax is 15 per cent.

ANGLO-AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
The directors of Anglo-American Corporation of South Africa Limited have decided to declare a dividend of 25 cents a share in respect of the year ended December 31 1978.

ALLMANNA SVENSKA ELEKTRISKA AKTIEBOLAGET (ASEA)
\$US 30,000,000 8 1/2% Bonds 1986

Notice is hereby given to bondholders of the above loan that the amount redeemable on March 1, 1979, i.e. \$US 2,000,000, was bought in the market.

OLYMPUS OPTICAL COMPANY LTD.
BEARER DEPOSITORY RECEIPTS representing Preferred Stock of BAXTER TRADING LIMITED

CORRECTED NOTICES
M.V. ENGELSCHE-HOLLANDSCHE BELEGINGS TRUST
(ENGLISH AND DUTCH INVESTMENT TRUST)

BANQUE NATIONALE DE PARIS
Floating Rate Note Issue of \$US70m. January, 1977/83

COSMOPOLITAN 77
Villas & Windmills
For full colour brochure...

PERSONAL
FLORENCE—Learn Italian quickly and well by the British Institution...

Group Gold Mining Companies
Transvaal

Reports of the directors for the quarter ended 31st December, 1978

VAAL REEFS
Vaal Reefs Exploration and Mining Company Limited
ISSUED CAPITAL: 19 000 000 shares of 50 cents each

Table with 4 columns: Quarter ended, Quarter ended, Year ended, Year ended. Rows include Operating Results, Financial Results, and Dividends.

Table with 4 columns: Advance metres, metres, channel width, gold, uranium. Rows include Development and Shaft Sinking.

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Table with 4 columns: Advance metres, metres, channel width, gold, uranium. Rows include Development and Shaft Sinking.

VAAL REEFS SOUTH LEASE AREA—Continued
DRE RESERVES—SOUTH LEASE AREA
Based on gold price per kilogram

Table with 4 columns: Quarter ended, Quarter ended, Year ended, Year ended. Rows include Operating Results, Financial Results, and Dividends.

SOUTHVAAL HOLDINGS
SOUTHVAAL HOLDINGS LIMITED
The attention of shareholders is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

ELANDSRAND
Elandrand Gold Mining Company Limited
ISSUED CAPITAL: 75 484 238 shares of 20 cents each

Table with 4 columns: Quarter ended, Quarter ended, Year ended, Year ended. Rows include Operating Results, Financial Results, and Dividends.

Table with 4 columns: Advance metres, metres, channel width, gold, uranium. Rows include Development and Shaft Sinking.

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Table with 4 columns: Advance metres, metres, channel width, gold, uranium. Rows include Development and Shaft Sinking.

S.A. LAND
The South African Land & Exploration Company Limited
ISSUED CAPITAL: 8 000 000 shares of 35 cents each

Table with 4 columns: Quarter ended, Quarter ended, Year ended, Year ended. Rows include Operating Results, Financial Results, and Dividends.

WESTERN DEEP LEVELS
Western Deep Levels Limited
ISSUED CAPITAL: 25 000 000 shares of R2 each

Table with 4 columns: Quarter ended, Quarter ended, Year ended, Year ended. Rows include Operating Results, Financial Results, and Dividends.

Table with 4 columns: Advance metres, metres, channel width, gold, uranium. Rows include Development and Shaft Sinking.

Table with 4 columns: Advance metres, metres, channel width, gold, uranium. Rows include Development and Shaft Sinking.

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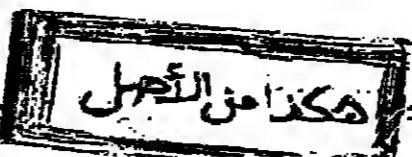
Table with 4 columns: Advance metres, metres, channel width, gold, uranium. Rows include Development and Shaft Sinking.

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Commercial and Industrial Property
Residential Property
Business and Investment Opportunities

The war that never ends
We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it.

LOCAL AUTHORITY BOND TABLE
Annual Interest gross pay- Minimum of Life interest able sum bond

The Army Benevolent Fund
for soldiers, ex-soldiers and their families in distress
Dept. FT, Duke of York's HQ, London SW3 4SP



MANAGEMENT

Nicholas Leslie meets the man who helped launch a small Buckinghamshire water treatment company on a new wave of growth

How Elga struck the right note for expansion

"I WAS sunbathing in my garden one day when this chap came riding up on a horse..."

Wycombe—and there are not many companies in Chiltern villages... But there were also some rather weighty reasons which now appear particularly significant...



David Moreau: 'the whole nature of a company changes when you spur it on'

Persisted

Moreau's initial reluctance to join Elga stemmed from the fact that he already had a number of business interests which were fully occupying his time...

Though still of modest stature compared with such major competitors as the Portals Group, with its annual water treatment sales of over £5m, Elga Products' 1977-78 turnover of £2.5m compares very favourably with the £400,000 it achieved in 1972...

construction of a new factory. Two years later he moved to Elga, though he remains as non-executive chairman of Weddel. The serious reason for his move was that he was getting fed up with pharmaceuticals because of what he calls the "creeping bureaucracy" in the industry...

Walter Lorcb's own objective in acquiring Moreau was to enable him to retire from Elga. He had founded the company in 1937 to manufacture electrical and gas components for domestic appliances...

Eventually the two men came to understand one another and Moreau found himself left to his own devices to develop a company which had a strong technical base, but which in terms of sales had remained on a plateau for several years.

action of contaminants. Today, Elga makes both custom-designed and standard systems using de-ionisation and reverse osmosis techniques to remove contaminants...

Research is aimed largely at making technical advances, since so fundamentally new principle "seems particularly likely at the present time in the water purification field, says Moreau.

Relishes

Many of the current management have come up through the ranks and Moreau clearly relishes the idea of people taking this path. "What I like is to take somebody who I feel has a particular talent and give him a chance to use it," he says.

Another research area is concerned with the way resins used in water treatment tend to get fouled up by organic materials, such as leaves...

Clearly, Elga's competitors must be thinking along similar lines, so what does Moreau think of the competition? "I am glad the market is well populated," he says. "We are confident in ourselves and do not see any serious problems."

In recent years Elga has increased its advertising effort, particularly in specialist magazines. From this, over 4,000 inquiries are received each year, a good many being converted into orders...

Of the progress the company has made, one factor pleases Moreau above all else. Turnover per employee has gone up since he joined from £7,000 to nearly £18,000.

The dangers of going for increased market share

BY CHRISTOPHER LORENZ

SIR Raymond Pennock, deputy chairman of ICI describes as "dangerous" the widely accepted view that the only way for a company to achieve growth in a low growth economy is to increase its market share.

The attitude that "market share must be objective number one" has been fostered through years of practice by leading multinational companies and by advice from management consultants. It was supported repeatedly by prominent speakers from all over Europe at a seminar in Brussels last week on "Strategies for the Early Eighties."

panies to adopt to the problem of low growth is "a much more sensitive pricing policy," Sir Raymond told bankers and investment analysts at the seminar, organised by Eurofinance.

He said that ICI's capital expenditure in 1978 of \$1.2bn may prove to have been higher than other world majors, including Dow, Bayer, BASF, Dupont and Hoechst.

Questioned after his speech, Sir Raymond admitted that there were circumstances and industries where price cutting during a recession could be a profitable policy.

and has emerged with a greater market share and a more stable business. But Sir Raymond said he doubted whether such a strategy could be successfully applied to more mature products and industries, especially if the industry's structure were characterised by several manufacturers of relatively equal strength, all of them unwilling to cede market share.

This is not the first time ICI has attacked its main European competitors for drastic price cutting in depressed sectors of the market—pre-eminently synthetic fibres. The group has, to quote Sir Raymond, been trying "to maintain prices at levels which reward existing assets" even if volume growth falls.

In the UK, in spite of its lower growth, we have met with some success by maintaining prices at the expense of volume," he said. In the U.S. also, the more sophisticated approach to pricing policies during times of over-capacity and low growth has led to a higher profit performance.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

No need for the human hand

ROBOTS designed and made in Japan, by Fujitsu Famic are to be marketed by Hydro Machine Tools, of Halstead, Essex (a member of the 600 Group), in the UK at prices ranging from £25,000 to £50,000. Basically, the machines are programmed to pick and place components and bands, and will complement the company's existing numerically controlled lathes, making it possible to produce turned components without human attention.

Flow tested by sound

ULTRASONIC level detector equipment which can also be used for flow measurement in open channels has been introduced by Robertshaw Skill of Skelmersdale, Lancashire. The new instrument, model 165, has been developed for difficult situations where accurate readings are often difficult to obtain with conventional equipment. It will find particular application in the sewerage and process industries and relies on the precise measurement of the time required for transmitted ultrasonic pulse to travel to the surface of the process medium and back to the instrument. This time is directly proportional to the height of the unit above the surface and calibration is a simple operation.

Temperature indicator

INTRODUCED INTO THE UK from the U.S. by British Rotherm is a hand-held digital thermometer which makes use of a microprocessor to deal with linearisation of sensor characteristics and to control the necessary analogue to digital conversion. Four models are available covering a total range of -35 to +149 deg C and each is housed in a high impact aluminium case on the panel of which is mounted an on-off button, LED display in 8 mm

Close check on big pipes

VITAL circumferential welds in the southern section of an 800 mile long 56 inch gas pipe line that will take gas from Iran into Russia will be ultrasonically tested by a complex automated system made by MatEval NDT Company of Newton-le-Willows. Similar units have already been supplied to Russia for the northern section. MatEval equipment will be responsible for most of the more advanced testing on the project, including mobile laboratories and workshops, business won by the company totals over £1.5m with the

IBM point-of-sale equipment

RETAIL STORE units to perform all normal cash register operations and provide an economical store-and-forward data collection system for both individual and multiple stores have been announced by the General Systems Division of IBM United Kingdom, for shipment to start at the end of the year. The IBM 5260 Retail Store System consists of two point of sale terminals: the IBM 5265 and the IBM 5266. These terminals may be used singly or in groups and can offer functions such as price look-up files and negative credit checking.

Sensitive detectors

FAST RESPONSE uncooled infra-red detectors for industrial high speed infra-red imaging and detection from Plessey are for applications such as fast feedback control of laser cutting, welding and engraving installations. The wide spectral response and high detectivity of these pyroelectric detectors is ideal for many general purpose infra-red laser studies, where the detection of low power fast infra-red pulse chains is required. These new devices, designated the PLT 411F series, have a detector element a single lithium tantalate crystal 1 mm x 1 mm which has high voltage resistivity, but for maximum mean power handling capability a pyroelectric ceramic element can be offered.

Electronics in business

FOLLOWING the success of its Post Office Telecommunications symposium last September which was attended by 200 people, Information Studies has organised a repeat of the event on January 29-30 and has announced a number of kindred meetings. These will cover data communications in retailing, electronic message services, productivity via automation, the

Handling problem solved

A TRADITIONAL cause of frustration in the field of pipe fitting and welding is the problem of aligning the fitting to the pipe. Further problems are encountered in handling the pipe, in fitting, and attempting to achieve a reasonable degree of accuracy in line-up prior to welding. One example of the constant headaches ensuing from this exercise is the recent story of two welding teams of four men a side which took four and a half days on a North Sea oil platform attempting maintenance operations on a 24 inch riser pipe... without success.

Moves materials around

FOLLOWING success of the equipment in office environments, D. D. Lamson is to start marketing an electric car transporter system to manufacturing industry, firing its first shots at electronic equipment makers. The move follows trials in its own factory at Gosport and discussions with a number of electronics companies. Track for the system can be floor, wall or ceiling-mounted or might for example pass between two rows of work benches. Each car picks up a 24VDC supply from the track which in turn is fed from power units placed

Checks the dimensions

AVAILABLE from Machsize is a 250 mm (10 inch) vertical display column using 100 plug-in light emitting diode lamps, one of which lights up according to dimensions sensed by an associated transducer. Resolution is one per cent and the display is flicker-free. Full scale deflection is in six ranges from 0.025 mm (0.001 inch) to 0.5 mm (0.020 inch), different scales being applied to give readings in metric or imperial units. Ranges are normally changed by altering jump-up positions on the single printed circuit board used in the device, but for major function changes the complete board is replaced. Gauges can be stacked sideways to give up to five readings at the same time.

Computers for China

CLAIMING TO be a leader in the difficult business of exporting technology to China, and among the first companies to take advantage of the opening up of trade with this country, is London-based Abacus Computers. 62 New Cavendish Street, London W1V 5PH (01-734 2907). The Chinese have just taken delivery in Peking of two of the company's medium-sized com-

Analyses factory operations

DESIGNED OVER a period of eight years by production experts, with the intention of accurately simulating a factory, EBS 11 differs from other systems in that it operates from an actual model of factory conditions. It takes into account what operations have been done on the factory floor, the total operations involved for each order, and the manufacturing stage each has reached. Each machine operation is identified, as well as the grade of operator available at each stage, and the system makes continual use of available flexibility in the allocation of machines and people to the current mix of work to obtain optimum results.

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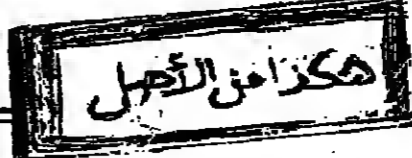
THE NORGEN OLYMPIAN PLUG-IN SYSTEM. This unique system of Compressed Air Processing Equipment has been extended and now provides a complete solution for 1-1/2 inch piping installations.

DATA PROCESSES Analyses factory operations. DESIGNED OVER a period of eight years by production experts, with the intention of accurately simulating a factory, EBS 11 differs from other systems in that it operates from an actual model of factory conditions.

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THE ARTS

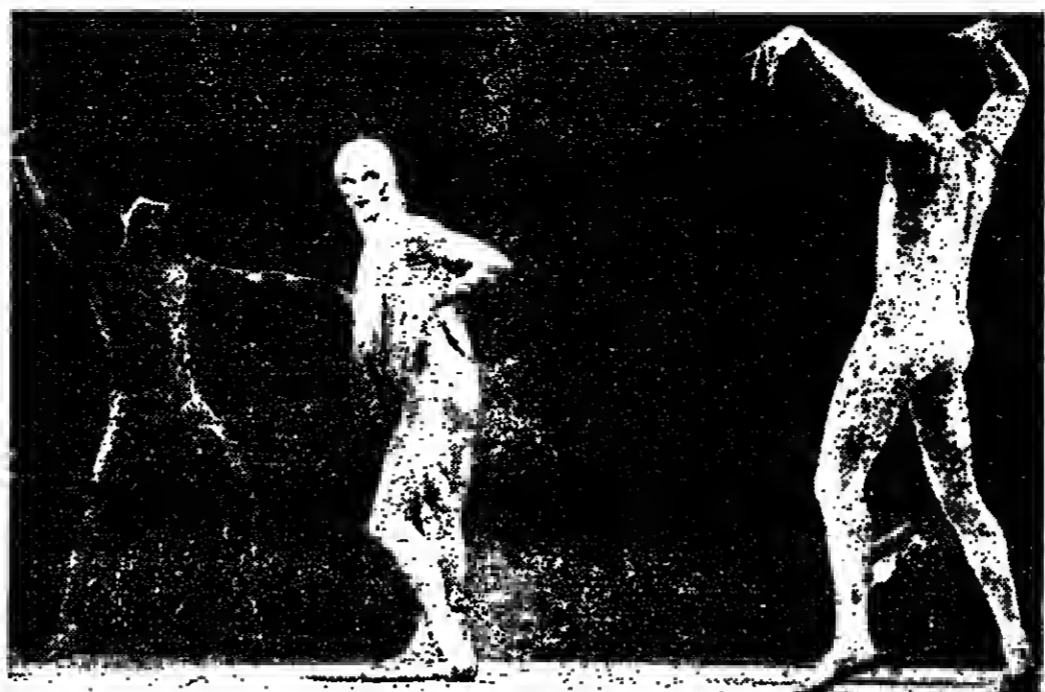
ICA Theatre

The Warp by MICHAEL COVENEY

Since a few days I entered the ICA at 10.45 am last Thursday. The Warp, a cycle of ten plays by the poet and painter Neil Oram, began at 10.45 am. After 18 hours of theatre, two one-hour meal breaks and a half-hour beer and coffee interval at 2.35 am, I proceeded from the ICA to the Tube station at 8 am on Friday morning. I was tired but elated. One lighting cue went awry at 6.55 pm. Russell Denton, as the hero, Phil Masters, took his one and only break at 9 pm in the course of an astonishing performance which kept him before us for all but five minutes of the duration; a chair came apart in Phil's hand at 1.20 am and a telephone rang on the wrong set at 6.55 am. I was present in the theatre for every single word of the production.



Russell Denton and Tony Maples



Monica Mason in 'The Rite of Spring'

Covent Garden

Stravinsky ballets

by CLEMENT CRISP

"Stravinsky's music persistently lives in our theatre because the theatre is so alive in his music." Thus the distinguished critic Minna Lederman pinpointed an essential fact about Stravinsky in a celebratory symposium some 30 years ago. The triple bill which the Royal Ballet showed us on Friday night—Firebird, Scènes de Ballet, The Rite of Spring—was continuing testimony to the truth of this observation.

Coliseum

The Marriage of Figaro

by DAVID MURRAY

Though the English National Opera's new Figaro has now seen extensive cast changes, the general effect seems—as far as one may judge from the initial reviews—much the same. The Susana and Cherubino of Lillian Watson and Sally Burgess remain the most fully and attractively realised characters; Miss Watson's "Deh vieni" is as lyrically charming as her Figaro's amorous pleading, minutes later, is heavy and graceless—John Tomlinson's large, pleasant voice is still very skilfully used. Dennis Wick's Bartolo is ripe with comically distasteful; his rapid patter is hobbled by all those consonants in the Dent words, two to every Italian one.

Shaftesbury

1001 Nights

by B. A. YOUNG

"I've got work to do," said the lady with the black lipstick, dusting my hair and climbing across the orchestra pit with her stage. Le Grand Magic Circus is one of those companies that inhabits a theatre before the show begins. Jerome Savary, writer and director of this version of the classic tales, is a serious artist who chooses to present his ideas through the medium of the circus because in France the circus is still a living tradition capable of presenting ideas simply and forcefully. His knockabout productions are the equivalent of Brecht's plays where songs and banners are interpolated to ensure that even the least literate audiences will catch on.

SPORT

RUGBY UNION BY PETER ROBBINS

Wales seize last-minute victory

IF ALL the matches of this year's international championship are as gripping as Scotland's against Wales, then we are in for a season of enjoyable suspense. It is often said that rugby is for the players to enjoy, and that second. The most satisfying of the spectators' feast is a poor feature of the match on Saturday was that both factions managed simultaneously to enjoy themselves.

SOCCER BY TREVOR BAILEY

Second Division promotion battle

UNLIKE the First Division, where the overall standard has dropped noticeably, the Second Division contains a remarkable number of teams which have improved or are still improving. A fascinating struggle for promotion has already developed, with no fewer than 11 sides still interested in the outcome. One important reason for this is that the Second Division has the pick of most of the best young managers in the country—men whose playing careers have ended recently, and many of whom have been outstanding club captains.

FINANCIAL TIMES

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Monday January 22 1979

Strikes and the law

THE SUDDEN outbreak of strikes in the past few weeks can be regarded as the consequence of two events—the end of three years of a fairly rigid incomes policy and the change of leadership in the country's largest union, the Transport and General Workers.

If the explanation is correct, the present industrial crisis is not the ideal time in which to be considering long-term changes in the role of the trade unions and in the collective bargaining system.

Great damage

In the ensuing decade several things have happened. First, groups of employers, who have shown an increasing readiness to pursue their demands for a relative improvement in earnings in ways which cause considerable disruption to the community. The use of industrial muscle by the miners in 1972 and 1974 has proved infectious and the number of groups which are able to inflict great damage on the economy has grown.

Second, the methods used to make the action effective, especially picketing, have become more aggressive. Third, the improvement to plant-level industrial relations which the Donovan Commission called for in 1968, mainly through more effective grievance procedures, has not materialised.

It is arguable that public disquiet over these developments—and the unions' awareness of it—is such that new legislation stands a better chance of success than the Tories' Industrial Relations Act of 1971. But what should such legislation aim to achieve?

One possibility is to restrict the right to strike, particularly in industries supplying essential products and services. This could take the form either of a statutory restriction on workers in certain sectors or of

new powers for the Government to compel a continuance of work in situations where a national emergency is threatened. Donovan and others have argued that U.S. experience with the Taft-Hartley Act is not encouraging and that in any case the Government has adequate powers to intervene. Nevertheless, the ease with which unexpected groups of workers can create national emergencies suggests that this possibility must be looked at again, perhaps in conjunction with new forms of tax determination in the sectors concerned.

A more fundamental proposal to make strikes more costly and more risky for those who participate in them. It seems absurd that the ability of employers to resist a strike should be weakened by the payment of tax-free benefits to strikers by the Government. But even if Mrs. Margaret Thatcher's suggestions on this point prove practical, they will not effect the short unconstituted stoppage. In any case other forms of sanction such as the go-slow or work-to-rule can often be more damaging than a strike.

Donovan, reflecting the views of most industrial relations practitioners, believed that the introduction of the law would not lead to more orderly collective bargaining. It is certainly difficult to see how legally binding agreements—or anything else for that matter—could transform our poorly staffed and decentralised unions into disciplined industrial unions on the American or German model. Yet the Donovan Commission did say that if its proposed reforms did not reduce the number of unofficial strikes, the case for giving some legal support to procure agreements would have to be reconsidered; these would generally be in-plant or in-company agreements.

Unrealistic. It would be unrealistic to suppose that our industrial relations problems will be solved by the introduction of the law or by curbing national trade unions, whose leadership seems increasingly irrelevant to what is happening on the shop floor. While their influence on legislation and their legal immunities are excessive, the central issue is not so much trade union power as the prevalence of forms of behaviour which impose intolerable burdens on the community. It is this behaviour which has to be curbed.

The Japanese trade surplus

THE ANNOUNCEMENT by the Japanese Government last Friday, that its policy of voluntary restraint on exports would lapse at the end of March, was played down by officials in Tokyo, as well as by their counterparts in Washington, but for somewhat different reasons. The Japanese Ministry of International Trade and Industry (MITI) took the view that the upward movement of the Yen had already proved so effective in curbing exports that the voluntary restraint programme had ceased to play a meaningful role. U.S. officials say that they have never had much faith in the voluntary restraint of exports, but continue to believe that an increase in Japanese imports is the right way to tackle Japan's structural trade surplus.

Revaluation

On the first point, it is certainly a fact that the revaluation of the Yen has been hitting into Japan's export performance since the middle of last year. While the trade surplus remains very high in dollar terms, it has started to fall in both volume and Yen terms. In the second quarter of last year export volume was down 2.7 per cent on the corresponding period of 1977, and in the following quarter by 3.8 per cent. For the current fiscal year as a whole, ending in March, Tokyo expects the Yen value of exports to be below the 1977 level. Yet doubts remain over the significance of the announcement from MITI. Japanese officials point out that the voluntary restraint pledge was never intended to extend beyond the current fiscal year, but in that case why is it necessary to announce the end of it now?

Europe and the U.S. by sectoral agreements. The British government has long felt that the UK is a particularly vulnerable market for certain Japanese exports, and the question which may legitimately be asked is whether the advance warning of the end of the general export restraint scheme heralds a corresponding change in these sectoral agreements.

On the import front, the Japanese government has certainly taken some steps to rectify the situation, but it is difficult to say that these steps are yet adequate. In the latter part of last year, the government announced a \$4bn emergency import programme, but it is already admitted that this target will not be met by the end of the fiscal year.

All the recent increase in Japan's exports has been to the fast growing economies of South East Asia, like Korea and Hong Kong, and it is looking to the new market opening up in China. But it is clear that the long-standing Japanese trade surplus is not about to disappear unless the government takes more energetic measures to stimulate growth at home, and may well give rise to further tensions with the older industrialised countries.



A guide to businessmen's costs around the world

BY FINANCIAL TIMES CORRESPONDENTS

HOW PRICES COMPARE IN STERLING

Table with columns for City, Rate of Exchange, Index, B&B, Restaurant Dinner, House Wine, Whisky, Beer, Snack, 5 km Taxi. Lists cities like Tokyo, Paris, Dubai, Brussels, Abu Dhabi, Frankfurt, Manama, Copenhagen, Geneva, Jeddah, London, Kuwait, Nassau, Amsterdam, Stockholm, New York, Oslo, Lagos, Houston, Rio de Janeiro, Vienna, Luxembourg, Taipei, Los Angeles, Chicago, Khartoum, Helsinki, Atlanta, Amman, Sydney, Moscow, Montreal, Hong Kong, Athens, New Delhi, Tel Aviv, Algiers, Budapest, Dublin, Singapore, Warsaw, Panama, Jakarta, Nairobi, Kuala Lumpur, Rome, Damascus, Madrid, Birmingham, Vancouver, Toronto, Tunis, Port of Spain, Cairo, Rabat, Wellington, Johannesburg, Dar-es-Salaam, Mexico City, Karachi, Baghdad, Colombo, Lisbon, Nicosia, Salisbury, Peking.

The index is based on the sterling cost of three nights' bed and breakfast and two à la carte dinners in a first class/international category hotel, one dinner in an average restaurant, three bottles of house wine, one hot lunch, two snack meals, one 5km taxi journey, half a litre of beer and five whiskies. (There are anomalies relating to the availability of alcohol: soft drinks have been substituted for wine and spirits in Saudi Arabia and Kuwait, and for wine in Pakistan—the indices in these cases will be unavoidably low.)

THE sharp contrast in the cost of living in the two dominant capitals of the Far East—Tokyo and Peking—is graphically revealed in the latest Financial Times survey of those costs likely to be incurred by the travelling businessman overseas. The new survey of 66 business centres throughout the world, based on information collected from FT correspondents overseas and published in book form later this month, has seen Tokyo move up rapidly from the 15th most expensive city to the most expensive from the businessman's point of view.

The survey shows that to stay in Peking—which is likely to be visited by an increasing number of Western businessmen following the relaxation of trade barriers—is cheaper than any other major city in the world. This is the first year that the Chinese capital has been included in the survey. London has continued to become a more expensive place for businessmen to stay, reflecting both a rise in hotel charges and the strengthening of

sterling. Two years ago, London was 38th in the world rankings and very much the "hargain basement" of Europe in terms of where it was cheapest for executives to carry out business. Last year, however, the cost of staying in London rose sharply to push it into 14th place—just ahead of Tokyo—while this year it has just stayed outside the "top ten" but moved into 11th place.

The gap between the top and bottom of the price comparison table has again narrowed, in spite of a number of shufflings of individual positions. The index for each city is based on a three-night business trip, calculated on the cost of bed and breakfast in a first-class or international category hotel, with dinners, snacks, drinks, and taxis also taken into account. This year the index ranged from 133 for Tokyo to 32 for Peking. Last year the spread was from 180 to 35 (Frankfurt to Nicosia) and the year before 232 to 58 (Abu Dhabi to Cyprus).

described as "first-class" can differ markedly from country to country. While the increase in sterling against the U.S. dollar has meant that such cities as New York are now relatively cheaper for the UK businessman, the increase in most continental currencies against sterling has had the reverse effect. Two years ago New York was the second most expensive city in the world when London was 38th. It is in 16th position this year.

The index is based on the assumption that the business traveller normally tries to find a similar standard of accommodation wherever he goes in the world, as well as tending to eat traditional European food and buying his usual drinks rather than experimenting with foreign delicacies. But such standardisation is not, of course, possible in practice. The restaurant meal quoted in Moscow as costing £7.69 is unlikely to be the same standard as the £14.17 meal in a Paris restaurant; nor is the

MEN AND MATTERS

Outlook: minus two degrees.

Americans are as obsessive about the weather as we on this side of the Atlantic. Their radio and TV weathermen become celebrities—one New York exponent changed his name to Storm Field as an aid to stardom. So the sad fate of "Doctor" Boh Harris has caused, as one might say, a deep depression.

Doctor Boh arrived on the lightning weather scene two years ago. He was hired by WCBS, an all-news around-the-clock station, as resident expert. His easy, mellow style and highly accurate forecasting won such renown that last July he was hired by the New York Times to handle its weather column. In commending him to the readers, the paper stressed not merely his degree in meteorology, but his PhD in geophysics.

Last week, Doctor Boh was unmasked: he does not have any degrees at all. He was summarily dismissed by both the New York Times and WCBS.

The sorry tale has some disturbing implications for the professional weather forecasters. Doctor Boh got it right at least as often as they did.

Spice island. A London tour operator has appealed to trading standards officials, because the Greek National Tourist Office in Regent Street has put a ban on exhibiting his publicity brochures for being "too frank".

Wider view. Some advice on how to look at history was offered to his compatriots yesterday by Simon Wiesenthal, chief of the Jewish Documentation Centre in Vienna. Addressing a meeting in London, he urged: "We should stop talking about 6m Jews murdered by the Nazis, and talk instead of 11m people, 6m of whom were Jews." He believes that Nazism is still a menace in some parts of the world, and is too serious just

to be equated with anti-semitism. Wiesenthal is in Britain seeking support for his campaign against the proposed enactment of the Statute of Limitations in West Germany. This will end trials against former Nazis. He told me that he fears the East Bloc will publicise the rights after the enactment, lists of criminals they will claim to have just found. "This will be a welcome diversion from their own problems, and will create unrest in the West, where millions were victims of the Nazis or had some relative who was."

Erse entry. Money is at the root of the efforts begun last week by Sinn Féin to put up candidates at the impending elections to the European Parliament. The party, descendant of the political arm of the IRA, is appealing for funds from the Community to fight constituencies both in the Irish Republic and Northern Ireland. But it must find some way around the ruling that such funds are only available to parties with at least one representative in the current European Parliament.

Better at home. A plaintive note reaches me from the offices of the Soviet News, ensconced in that haunt of the proletariat, South Kensington. It says that the bulletin, mouthpiece of the Soviet embassy, has not come out since November 28 "owing to an industrial dispute in which it is not directly involved."

Nuclear notion. If the devil has the best tunes, the Left seems to come up with the best slogans. Something called the Big Red Diary 1979 (perverse), it is small and new, bears on its cover this message: "Better active today than radioactive tomorrow."

Knees up. In these difficult days, rest assured that the spirit of Merrie England is still being catered for. Yesterday in Blackpool, the 21st International Slipper Fair—a footwear trade show—introduced latest styles: among the cowboy boots from Spain and the feminine-fashion boots from everywhere, a Halifax firm proudly displays its line in clogs for Morris dancing teams.

Under the tables? If prizes were given to public relations persons who might have expressed their messages better, one would surely go to Glenda Ward, at the Aviemore Centre in the Highlands. She

is organising a rave-up for next Friday, which happens to be Australia Day—Glenda comes from Perth (the one Down Under).

"I wasn't expecting to find any other Australians when I arrived in Aviemore," she says in a handout. "But the place was crawling with them."

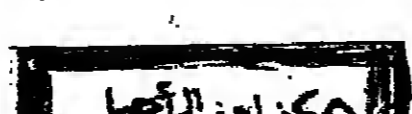
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FINANCIAL TIMES SURVEY

Monday January 22 1979

مركز من التحليل

ARAB CONSTRUCTION

Construction spending in the Arab world is reaching a peak in real terms. But the size of the market remains colossal—as do the operating problems—and there is now a demand for more sophisticated construction work, which favours western and Japanese contractors

In Saudi Arabia Zahid Tractor gives you the best

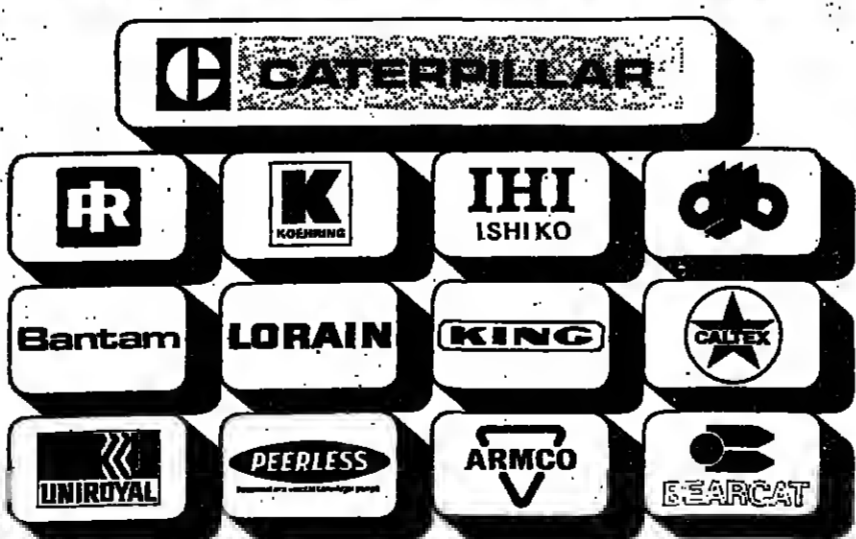
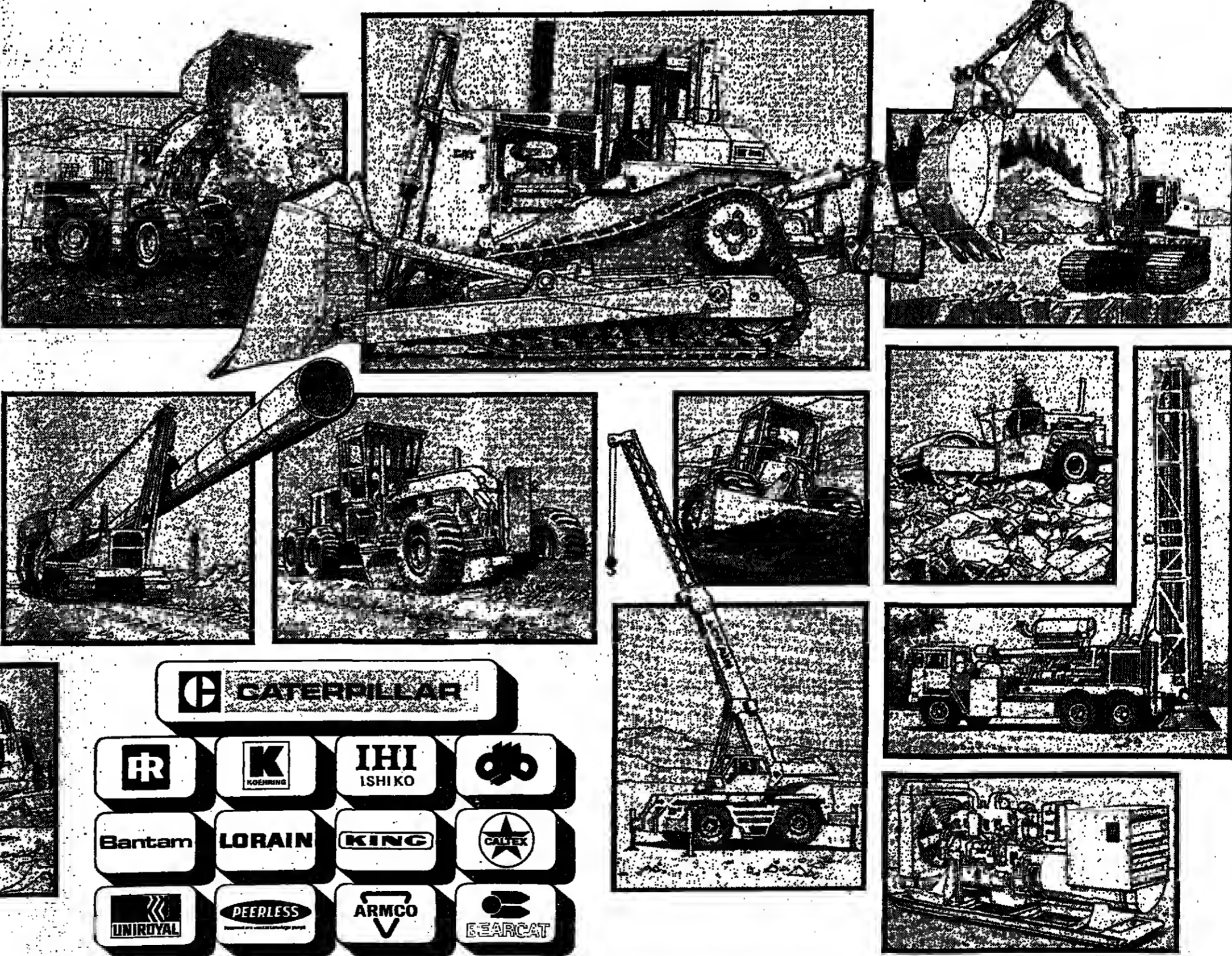
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ARAB CONSTRUCTION III

Manpower

No bed of roses

THE LABOUR market for all grades of construction workers in the Middle East is not what it was three or four years ago, with the vast influx of foreign nationals required to participate in construction projects leveling off in the wake of lower output.

countries are not relying so heavily on Western skilled labour. Neither are Western expatriates quite so keen to seek employment in the region as they were at the start of the construction boom.

The harsh environment and well-publicised social restrictions in certain countries have discouraged substantial numbers of people from participating in Middle East contracts, as has the realisation that high salaries are more than ever being offset by high living costs and substantial inflation.

Under their regulations, introduced early in 1978, workers must receive at least basic rates of pay for different categories of jobs, the figures set down and capable of adjustment by the Indian Government. Employers

are also contractually bound to give three months' notice of redundancy; they must also provide 30 days a year paid leave and offer free medical services and furnished living accommodation to each and every one of their employees.

They range from the clean and comfortable to the sort of standard no Westerners would be likely to tolerate and although most major international civil engineering contractors maintain good standards of accommodation and food, few of them would expect labourers from their own countries to tolerate such conditions.

Standards

By contrast, standards for European staff seem to range from good to excellent, with many employers providing a range of facilities equal to any at home, defying the conditions and location in which people often have to work.

quick profits for themselves, often leaving large numbers of defenseless and naive immigrant workers without the work they were promised and with no way of getting home.

It is true that this somewhat distasteful aspect of the international labour scene has more recently improved. With the rush to assemble and ship as many workers as possible to nations desperately short of manpower now over-Indian agents, for example, now send a few hundred at a time, although recruits were once counted in thousands—the situation now bears little resemblance to the one which existed a short time ago.

Much of the labour force is still, however, imported by individual contractors. Some, such as the South Koreans, Cypriots and Greeks prefer to bring their own labour with them from home and to maintain a military-style working regime while others import operatives from beyond their national boundaries.

Koreans, in particular, have an immense reserve of skilled manpower available for work in the Middle East. Skilled workers have been trained through Government work and the army itself which produces about 5,000 trained workers each year.

The Korean Overseas Development Corporation and the South Korean army release volunteers willing to work on construction projects abroad. They are offered an early discharge, trained and organised into disciplined and efficient teams and live in construction camp sites not unlike the ones they left behind at home. During the early 1980s, Korea says it hopes to export as many as 500,000 workers to the Gulf region.

Michael Cassell

Consultants

Little room for complacency

The extent to which many Arab nations still rely on immigrant workers of one type or another is easily shown.

Dubai is beginning to gather large numbers of Asians who are forming shanty towns of their own. Abu Dhabi has about 40,000 labourers working in the construction industry and the population of the United Arab Emirates as a whole now comprises 820 per cent UAE citizens and 30 per cent foreigners.

Bahrain's construction programme has led to a tripling of the number of skilled workers and technicians to over 30,000 and Saudi Arabia is now estimated to be employing as many non-nationals as citizens of its own (about 1.28m).

Abilities

There is no doubt that the abilities and level of training of personnel in many Arab states has risen significantly in the past five years, but most still cannot provide from within their own boundaries the scale or quality of manpower resources required and, in fact, actually choose in many cases to continue to rely on the experience and expertise of outsiders.

Many client nations have become alarmed at the scale of the influx of personnel recorded in the past—their concern centring on the numbers of construction operatives pouring in rather than on managers and skilled workers—and several have already taken steps to reduce the incoming labour tide, a development which has most recently tended to happen without any outside help.

IF BRITISH contractors have made a name for themselves throughout the Arab world, the efforts of UK consultants associated with construction work have been no less successful or noticeable.

In 1977-78, the earnings of professions related to overseas construction, such as consulting engineers, architects and surveyors, reached an estimated £350m against a figure of little more than £30m at the start of this decade. Overseas work in hand on which UK consultancy services are involved has now topped the £25bn mark and their operations have a significant effect on this country's balance of payments.

Inevitably, much of their effort has in the past few years been directed at the Middle East, where home-bred design and consultancy skills have been as thin on the ground as first-class contracting ability.

particularly well in the United Arab Emirates and Saudi Arabia and have more recently become a significant force in Iraq—where at least two dozen architectural practices are now working.

In the consultancy field, UK practices have been particularly strong in the development of health and education facilities, the planning of new towns, commercial centres, shopping complexes and markets, offices and housing.

Extended

The largest consultants have built up large teams of personnel, experienced in every aspect of planning for every type of construction project.

Now, as basic infrastructure builds up in many client countries, the consultants' work is being extended more regularly to include recreation, sport and leisure facilities.

As a result of rapid urbanisation, many Middle Eastern countries are showing increasing interest in this type of development and the British consultant has again been winning some significant business in this area.

Britain is not alone, however, in providing the full range of

consultancy services and, as with the contractors again, competition is now at its peak. French and Italian consultants have been very successful in North African markets because of their traditional links in the region, while U.S. consultants predominate in Saudi Arabia, specialising in defence projects, oil-associated developments and multi-discipline package deals, such as international airport design—for example, the £1.5bn Riyadh airport contract which has just gone to SABCO, a Bechtel subsidiary.

Neither should UK consultants become complacent because of their previous good record, according to a report published towards the end of 1978 by the National Economic Development Office.

The report gave a big pat on the back to British design and consultancy services for their overseas efforts and pointed out that the bulk of their workload today actually comes from overseas. But it also stressed the tough nature of the competition they faced and made several recommendations which it believed could help maintain and improve their position.

In the words of the report "the overseas market situation has enormous variety, not least

because it is continually changing.

In particular, each client country is different, not only in stability, language, customs and receptiveness to British people, but in the conditions of contract it imposes, methods of negotiating and appointment, costs of working, credit-worthiness, visa restrictions and credit controls.

Among its recommendations, the NEDO report said that public and private sector design organisations should increase co-operation in promoting the export of British design services and facilities and that where appropriate, national export marketing organisations should be established to bring together manufacturing, civil contractors and consultancy services.

The report cited examples such as France, West Germany, Holland and Japan, which it claimed, had progressed much further in adopting an "umbrella approach" to winning export work. In contrast, it said, the UK style remained "individualistic."

It reaffirmed its belief in the value of individual enterprise and the impartial service provided by consultants but emphasised the important role to be played by concerted effort in exploiting the UK's export

opportunities, especially where British expertise in design and operation was divided between different organisations.

As the report pointed out, in presence of British consultants overseas is, despite their impartiality, beneficial to exports by UK contractors and manufacturers as they make market information available and provide opportunity or encouragement which might be denied if consultants of other nationalities had been engaged.

A recent report from the Economist Intelligence Unit shows that the type of back-up assistance available to consultancy services varies widely according to their country of origin, as is the case with contractors.

Difficulty

Help can range from direct promotional activity at Government level (monetary, diplomatic and political) which happens in the U.S., France, West Germany, Japan and South Korea, to personal pressure by well-established local contacts.

As the report pointed out, one problem in following up work in the Middle East is the difficulty of knowing to what extent other consultants are being sponsored. Some Western Governments

and countries, such as Japan, give more positive and direct aid to their consultants than Britain.

The French Government, in particular, may openly favour the sponsorship of one particular firm of consultants to another.

The UK's policy, for consultants and contractors alike, has been to provide the same information and guidance for all and let them follow leads by themselves.

Assistance and advice is also provided by the British Consultants' Bureau for companies wishing to take on overseas projects. Some 200 of the largest UK consulting firms are members, many of whom are working in the Middle East.

Although the Arab countries offer opportunities mainly for the large and preferably multi-disciplined firms, there are in addition many relatively small consultancies and individual consultants participating in the market.

Numerous architectural competitions, for example, have helped a number of small practices to establish a foot in the door and one project in the Middle East has invariably led to more work.

M.C.

Advertisement for RSV (Royal Schelde Verolme) featuring a large image of a ship and the slogan 'IT'S TIME FOR RSV'. Text describes their global presence and services in shipbuilding, gas, oil, and electrical engineering.

Saudi Arabia

Bidding becomes more competitive

LAST YEAR was not an easy one for contractors in Saudi Arabia. New regulations on the employment of immigrant workers and a resurgence of the debate on women's labour severely disrupted the labour market at mid-year.

With Government contracts—and these make up the bulk of the industry's work—valued last year at SR60bn, the difference between a profit and a hefty loss depends now not so much on access to supplies but on disciplined labour and an understanding banker.

While the Government continued to award major contracts in 1978, and the non-oil sector of GDP registered a growth rate of 17 per cent, contractors noted an increasing tightness on the Government's part in the tender negotiations and in releasing payments.

Bankers even report Finance Ministry moves to introduce a monthly budgetary system for ministries.

Awarded

Of the major projects awarded in 1978, the most vital are for infrastructure for the heavy industry on which the kingdom's future prosperity is seen to rest.

double the practice in most other countries—has become a maximum rather than a rule.

Hampered

In this respect, British and U.S. companies may be worse off than their counterparts in West Germany and certainly than their Far East competitors.

surprise. Already disorganised by its move to Riyadh at the end of the previous month, SAMA refused to pay out claims for deposits from local banks and stopped issuing contract payments.

With the announcement of a clampdown on the illegal labourers in May, a large proportion of the labour force immediately went "underground."

in the country the soft housing loans available from the Real Estate Development Fund continue to have an impact in encouraging private house building, and a Yemeni builder working off the main road can earn anything up to \$30 a day.

Sophisticated

While two years ago the more complex construction jobs involving sophisticated plant and machinery might have been awarded to companies from the industrial world.

For contracts over \$30m in value, contractors must be responsible for importing their own labour, and countries with a ready supply of cheap skilled labour, particularly South Korea and Taiwan, have done extremely well.

While contractors agree there is little or no delay in awards or payments for defence-related work—and that includes a great deal of school and hospital building—other big projects in 1979 may experience some delay.

of the Government policy, in Prince Faisal's words "of encouraging Saudi contractors by giving them precedence in the execution of Government work."

In fact, 1978 has seen consolidation of the local industry after the housing boom three years ago.

of the Government policy, in Prince Faisal's words "of encouraging Saudi contractors by giving them precedence in the execution of Government work."

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James Buchan

Labyrinth

CONTINUED FROM PREVIOUS PAGE

be seen whether the new cover will prove more attractive to contractors.

The provision of bonds or bank guarantees remains a major problem for many UK contractors.

num... on the bond amount, plus the cost of the basic ECGD credit insuranc which is a prerequisite.

Protection

Most export credit schemes now offer protection against the "unfair" calling of such "on demand" bonds—the ECGD scheme for example costs 0.50 per cent per annum on the bond value.

tee wording that seeks to exclude the effect of any injunction or garnishee order issued by a UK court, thus imposing a condition with which no UK bank can comply.

Further risk, and an additional strain on bonding facilities, results from the practice of many countries, notably Syria, which specify either a very long (say ten years) or indefinite validity for bonds.

But since the asset bases of many companies have not increased at the same rate as contract values in the Middle East, contractors have found it increasingly difficult, without outside support, to obtain adequate bonding facilities from their bankers.

In fact one result has been that since November, 1978, no UK bank has been able to counter-guarantee any Libyan bank, as the Libyan Government has specified a counter-guaran-

UK contractors, with some notable exceptions, have generally been either unwilling or unable to accept such risks as the insolvency of their partners or their failure to perform.

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Telex: 885043

Office of the Regional Director,
Middle East,
Grindlays Bank Limited,
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Credit Insurance Association

ARAB CONSTRUCTION IX

Iraq

Long-term potential

AS STRIKES sweep across the Arabian oilfields cutting their exports to almost nothing, Iraq has become the second largest oil exporter in the world. Yet Iraq remains one of the least known of the major Arab oil producers. Contractors, fearful of the heavy state control in Baghdad, have in the past looked to easier conditions in the lower Gulf.

The long-term potential of Iraq cannot be questioned. Its population is now 12.3m people and oil production is planned to rise to 3.5m barrels a day by 1980. The size of its oil reserves are uncertain because of lack of exploration in the past, but the Oil Ministry has claimed in the past that reserves may be as high as 95bn barrels. This gives Iraq the second largest reserves in the area after Saudi Arabia, higher than Iran.

The trepidation with which the contractors have approached Iraq is partly, but not entirely, justified by the isolation of the Government in Baghdad since it took power in 1968. Initially it faced a series of attempted coups. Then from 1973 on it had to cope with the final Kurdish revolt up to 1975, when the rebellion was ended through an agreement between Baghdad and the Kurds' backers in Iran.

The termination of the long running dispute with Syria and the Baghdad Government following the Camp David agreement between Israel and Egypt, also strengthened the Government. In 1976 the oil pipeline between Kirkuk and the Mediterranean, which transits Syrian territory, was closed. Subsequently transport by road and rail across Syria was choked off. These problems are now being resolved and the connection between Iraq and the Mediterranean reopened.

The changing political scene, and the intermittent slowdown of oil exports, has had an impact on Iraqi planning. The closing of the trans-Syrian pipeline, in particular, made it necessary for the 1976-80 plan to be of more modest dimensions than had been previously hoped.

But Iraq also suffered from the same problems of other oil producers trying to storm forward towards development using the new oil revenues after the 1973-74 oil price rises.

Ports became congested, bottlenecks developed. Everywhere there was a chronic lack of skilled manpower. Ambitious plans for industrial projects have now been severely truncated and the emphasis is on building up the infrastructure and not completing and putting into operation such projects as the urea plant which Mitsubishi is building near Basra. In the same area Thyssen and Lurgi are working on a \$1,000m petrochemicals plant. Creusot-Loire has had difficulties with its steel plant close by.

The 1976-80 development plan was delayed as the Iraqi leadership tried to re-order their priorities. They are now essentially working from year to year plans rather than the 1976-80 development plan.

Industry is receiving some 41 per cent of the total plan expenditure of \$49bn—though this figure should be treated with caution. In theory agriculture has priority and in the provision of high quality graduates from agricultural colleges this is true. But its capacity to absorb investment is limited and is unlikely to rise above 20 per cent.

The agricultural projects have frequently involved British consultants. But the major contracts have been going to the Soviet Union, Yugoslavia,

Austria and the developing countries.

The biggest exporters to Iraq in the past have been West Germany and Japan, which have received the lion's share of construction contracts. The Japanese have looked to Iraq as a good alternative source of oil if there was disruption of current supplies and have organised a \$2bn credit to help win major contracts.

The United States has no embassy in Baghdad and its commercial hopes have been limited by boycott restrictions and political differences. But it is important to note that Iraqi Airways relies on Boeing aircraft and Brown and Root constructed a large oil terminal on the Gulf. Some Iraqis would clearly like American oil technology.

A worry for contractors is that the Iraqis are tough on prices (though satisfactory in maintaining progress payments). More important is that in the past, the Iraqis have linked the awarding of contracts to individual countries with the purchase of Iraqi crude.

In the spring of last year an embargo was started by the Iraqis on orders from West Germany to try to get the Germans, the largest suppliers, to raise the amount of Iraqi oil they were using.

Other suppliers hoped to fill the gap left by the Germans. But in the middle of the year the expulsion of Iraqi diplomats from Britain led to a highly effective embargo being imposed on UK imports. Wimpey had hoped to win a \$1.2m rail-way contract, which has now gone to Mendes Junior of Brazil. After France and Italy, Brazil is the largest consumer of Iraqi crude, and Petrobras, the State oil company, has an exploration and development contract in the

southern oilfields.

The tighter market for oil may make the Iraqis less intent on linking the award of contracts to a country's imports of Iraqi crude. But it is noticeable that smaller countries, such as Finland, Austria, Brazil, India and Yugoslavia, have been doing particularly well. Consumption of Iraqi crude has often been the key which opens the door for contractors.

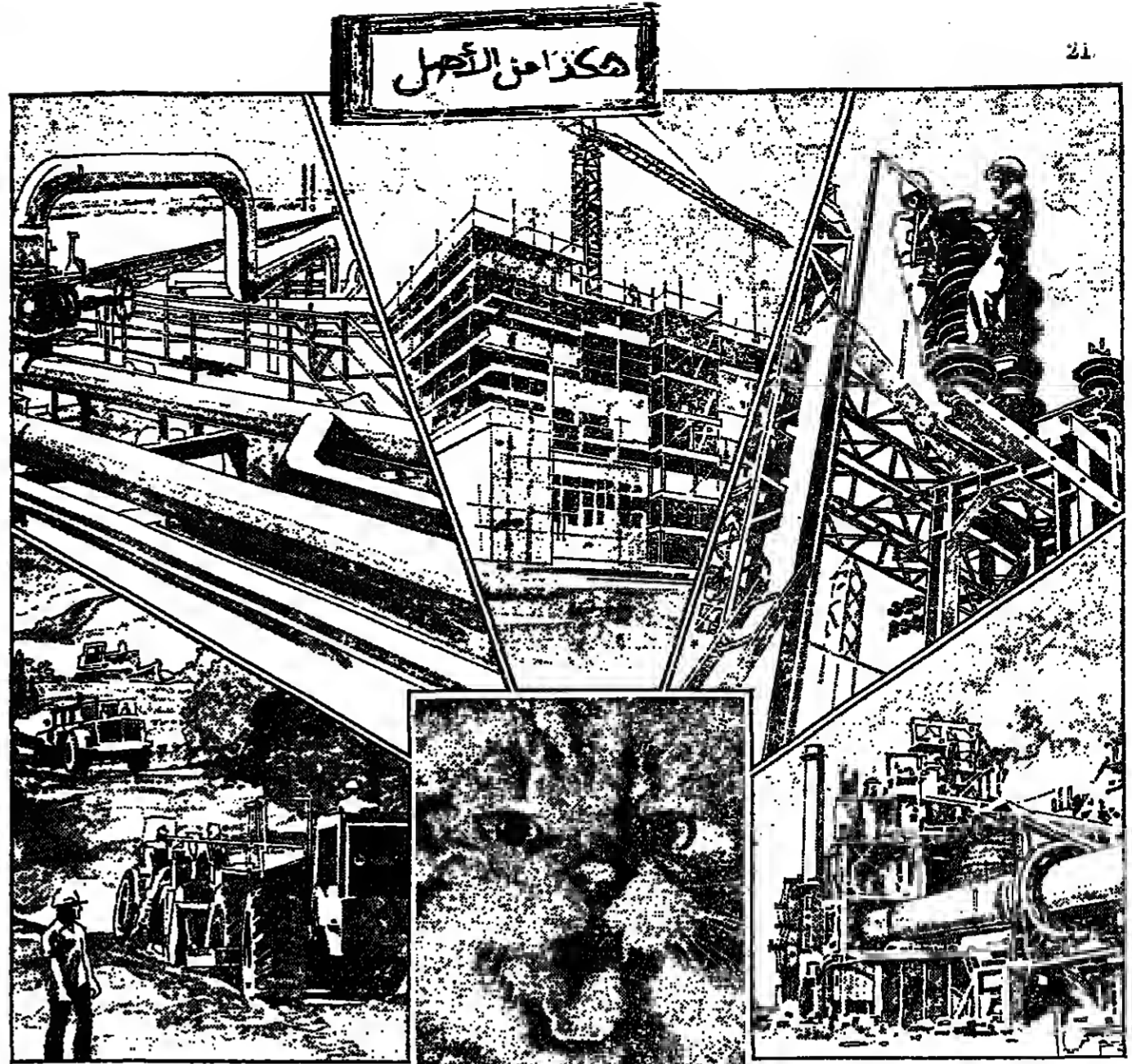
Companies working in Iraq often complain of the difficulty in dealing with the complex Iraqi bureaucracy. This tends to vary from one State organisation to another. An additional problem is the provision of labour. The Iraqis, differing from other Arab oil producers, have never encouraged immigrant workers, though Egyptians are very visible as hotel waiters.

Hence they emphasise the training development aspect of contracts. They are deeply conscious of the need for more trained Iraqi personnel.

This has also led to the award of school and college contracts on a turnkey basis over the past year. The Japanese and the Finns have been the main beneficiaries. There are also plans to increase the supply of housing very rapidly over the next five years.

For the construction industry Iraq's potential remains very large but requires patience and experience. From 1974 onwards Iraq and the other States of the Gulf looked more attractive propositions. But the long-term needs of Iraq for infrastructure, industry and agriculture are far greater than those of the small populations of the lower Gulf. Knowledge of the future potential has to be weighed very carefully against current difficulties.

Patrick Cockburn



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We've recently extended our capacity for turnkey projects to include electrical

Oman

Little work on offer

IF OMAN was a little later than most of its Arab neighbours in coming to terms with the twentieth century, it has certainly made up for lost time. Occupying a strategically vital position on the south eastern corner of the Arabian peninsula and overlooking the narrow stretch of water which separates it from Iran, the Sultanate offers the visitor a bewildering but delightful mix of ancient and modern, a country of contrasts with its mud-built multi-storey homes and its ultra-modern international hotels, a nation of proud tradition and boundless ambition for the future.

For the moment, however, it is offering little in the way of work for international contractors. For the fact is that along with some of its other Arab neighbours, the country has experienced an economic slowdown as a result of financial stringency which has inevitably curtailed the rapid rate of infrastructure and social service development that commenced with the accession of the present Sultan, Qaboos bin Sa'id in 1970. Before the period of slower growth, development in the country had proceeded at a rate which was barely surpassed anywhere in the region. Construction activity in the north, around the capital Muscat and Mtrah, had reached the stage

where suitable land for further development was scarce and in which services could not cope with the demands being put upon them.

Whole areas became construction sites almost overnight, and entire landscapes were transformed as high, rocky outcrops gave way to office, shop and housing developments.

In the southern province of Dhofar, separated from the north by hundreds of miles of inhospitable and largely unpopulated interior a guerrilla war ended only in 1975, but more recently development in the area has gathered momentum, partly as a result of the Sultan's desire to retain the loyalty of the Dhofarites and to bring their standard of living up to that of Northern Oman.

A country with some rainfall that has traditionally been heavily dependent on agriculture for its livelihood, Oman has plans to develop a range of light industries—some already apparent—in an attempt to break with its traditional economic base. With substantial petroleum revenues and other important natural resources such as copper and other minerals, heavy investment is being made in these areas and in industries like fishing, as well as in the continuing expansion and improvement of the country's infrastructure.

So although the medium to longer-term outlook for construction activity in the country must be regarded as good, the current situation—in which few substantial contracts are going out to tender—represents anything but a buoyant one for contractors in search of work.

Oman has traditionally close ties with the UK and several of this country's major international building and civil engineering operations have carried out work there. None, however, regard the country as one which offers any immediate growth prospects and work has become very thin on the ground.

Some contractors, while maintaining a presence in the country, have no contracts in hand and are simply hiding their time until the position improves. UK companies which have undertaken work in Oman include Wimpey, Costain, Farsons and Paulings. One of the most successful to date has been Taylor Woodrow, through its partnership with local contractor W. J. Towell.

the latest aids and facilities.

But perhaps the jewel in the company's crown is the Medinat Qaboos housing and apartment development in which the Sultan has taken a close and special interest.

Claimed to represent the best residential area in Oman, the development was started in 1973 on a site a short distance out of the capital, the first completely private enterprise operation of its type in the country. The eastern section of what is essentially a new town offers about 550 houses, villas and apartments and was developed by W. J. Towell, and built by Cementation (Jersey). Most of the properties are being offered on short leases and the whole development is being managed by Taylor Woodrow Towell.

The western section, which comprises houses for sale, is now about half complete, was designed by Taylor Woodrow International, and the main contractors and developers are the Oman International Development Company. Sales towards the end of last year were reportedly slack, although there have been signs that interest is picking up.

Few developments will presumably match the Medinat Qaboos standards, but the provision of housing in Oman does represent an area with considerable potential for future contractors. It is already clear that preferences are changing from the initially essential prefabricated housing unit towards more traditionally built property.

Away from housing, road developments will also continue to play a major part in future development strategy. Since the early days of the new programme, over 1,000 km of graded roads have been built, many linking the country with the nearby United Arab Emirates and improving communications between domestic centres.

The opening up of the interior and the improvement of north-south land links should provide substantial volumes of work of this type.

Companies such as Wimpey have already been participating in road contracts, but they have to contend with some very tough competition from other international specialists such as Joana and Paraskevades of Greece, which has developed a sizeable contracting operation in Oman, picking up work involving military projects, road construction and airport projects.

The UK presence has by no means been static, however, and the success of consultants like Halicrow and Scott Wilson Kirkpatrick is as notable as any progress made by the contractors themselves. Both sectors hope Oman will prove to be a market of the future, if not of the moment.

M.C.

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INTNL. COMPANIES and FINANCE

UK PENDING DIVIDENDS and NEW ISSUES

Grace offer for Daylin poses problem for Narco

BY JOHN WYLES IN NEW YORK

DAYLIN INC. the target of a \$180m bid by the W. R. Grace group is expected to make further strenuous efforts this week to pull off a \$68.4m merger with Narco Scientific...

acquire Narco is sparking suspicions that its main purpose is to drive away Grace, in which West Germany's Friedrich Flick Group has a 29 per cent stake.

Without such certainty, we think it unwise to risk the likelihood that our shareholders will lose an otherwise attractive offer from Narco.

Banking collapse averted in Spain

By Robert Graham in Madrid

THE GOVERNMENT and the banking community have stepped in to avert the collapse of a small family-owned industrial bank, Banco de Granada...

This is the fourth time since the formation of the Corporacion Bancaria last February that it has been obliged to take over an ailing bank.

The dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table.

Table with columns: Date, Announcement last year, Company Name, Dividend Amount, etc.

RECENT ISSUES

Table with columns: Issue Price, Stock Name, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Stock Name, etc.

"RIGHTS" OFFERS

Table with columns: Issue Price, Stock Name, etc.

BASE LENDING RATES

Table with columns: Bank Name, Lending Rate, etc.

Troubles in discount sales division add to Food Fair loss

PHILADELPHIA—Food Fair, which is operating under Chapter 11 of the Bankruptcy Laws, is expected to report a loss for 1978 of about \$52.5m...

Food Fair said the final report for fiscal 1978 should be ready in about four to six weeks.

The company also said its auditors plan to disclaim an opinion on that earnings statement, primarily due to their inability to rely on the adequacy of the internal accounting controls of the J. M. Fields division.

ment previously had announced a cumulative profit of \$282,000 for the first nine months of fiscal 1978.

Food Fair estimated fiscal 1978 sales of \$2.5bn, compared with \$2.4bn last year.

Food Fair said its management previously had announced a cumulative profit of \$282,000 for the first nine months of fiscal 1978.

In view of the reported loss for the year, however, Mr. Gentry said he has requested Touche Ross to conduct a review of the previously reported nine months earnings end for the 26 weeks ending February 10, 1979.

The decision to intervene in the case of Banco de Valladolid and now again with Granada add to the feeling of growing political pressure from the Government...

CURRENCIES, MONEY and GOLD

A tale of two evils

BY COLIN MILHAM

Interest rates in the strongest economy in Europe are expected to be cut, and the direction of money is rather different from most other countries on the Continent last week.

The French move was purely technical, while many of the others were a reaction to trends which have been developing for some weeks.

In Frankfurt the tightening of credit was largely caused by the sharp growth in Germany's broadly defined money supply last year, to an annual rate of 11.1 per cent, against a target of 8 per cent.

Switzerland has suffered from similar problems for the same reason.

CURRENCY RATES table with columns: Country, Rate, etc.

THE DOLLAR SPOT AND FORWARD table with columns: Jan. 19, Day's spread, etc.

OTHER MARKETS table with columns: Jan. 12, etc.

THE DOLLAR SPOT AND FORWARD table with columns: Jan. 19, Day's spread, etc.

EXCHANGE CROSS RATES table with columns: Jan. 19, etc.

FORWARD AGAINST £ table with columns: One month, etc.

OTHER MARKETS table with columns: Jan. 12, etc.

THE DOLLAR SPOT AND FORWARD table with columns: Jan. 19, Day's spread, etc.

EXCHANGE CROSS RATES table with columns: Jan. 19, etc.

FORWARD AGAINST £ table with columns: One month, etc.

OTHER MARKETS table with columns: Jan. 12, etc.

THE DOLLAR SPOT AND FORWARD table with columns: Jan. 19, Day's spread, etc.

LONDON MONEY RATES table with columns: Jan. 19, etc.

FORWARD AGAINST £ table with columns: One month, etc.

OTHER MARKETS table with columns: Jan. 12, etc.

THE DOLLAR SPOT AND FORWARD table with columns: Jan. 19, Day's spread, etc.

Record saving funds total

A RUSH by high-rate taxpayers to invest in the 14th issue of National Savings Certificates before they are withdrawn helped increase the National Savings Department's total funds under management by £75.17m last month to a record £10.93bn.

The department received £64.9m from investors buying the 14th issue and made repayments of £15.8m to holders of this and previous issues (excluding the special pensioners' issue).

GESTETNER HOLDINGS LIMITED

THE ANNUAL GENERAL MEETING will be held at 10.30 a.m. on 5th March, 1979 at the Gestetner offices (Totterham Hall entrance) London N17 9JL for the purposes of—

- 1. Receiving and adopting the report and accounts. 2. Declaring the final dividends recommended in the directors' report. 3. Reappointing Deloitte Hasdins & Sells (formerly Deloitte & Co.) as auditors of the Company until the conclusion of its next annual general meeting.

THAT Mrs. H. Gestetner O.B.E., a director retiring by rotation, who has attained the age of 70 years be and is hereby re-elected a director of the company.

UCOBANK HAS MOVED

Advertisement for United Commercial Bank (UCOBANK) with logo and contact information.

Silverthorne Group Limited

Table with columns: Year to 1st October, 1978, 1977, etc.

Extracts from Chairman's Report

The results confirm the continuing improvement in Group performance. The only area of weakness was that of Joseph Gillott and Sons Ltd. the furniture castor manufacturing subsidiary in Dudley.

Annual General Meeting: 15th February, 1979.

MARTIN the newsagent limited

Profits again a record at over £3 million for 1977/78

Mr. J. B. H. Martin, Chairman, reports:

Despite continued disruption of the newspaper industry and a contracting tobacco market, sales increased by 18% and profits at £3,159,000 exceeded £3 million for the first time.

At least £2 million planned to be spent on additional retail outlets during 1978/79. 500th branch recently opened.

Sales for the first nine weeks of the current year show an increase of 16% and we expect a material improvement in profits for 1978/79.

MONEY RATES table with columns: NEW YORK, GERMANY, FRANCE, JAPAN, etc.

INSURANCE APPOINTMENTS WORLD STOCK MARKETS

Judgment pact talks raise legal worries

BY OUR INSURANCE CORRESPONDENT
INSURERS—companies and Lloyd's underwriters—are waiting for yet another draft of the much discussed Reciprocal Judgments Convention with the U.S. first proposed, if memory serves correctly, in 1976.

Reciprocity

In theory a reciprocal judgments convention seems a fair and reasonable way of ensuring that a litigant in State A in possession of a judgment in its courts can enforce that judgment quickly and easily in State B: and vice versa.

WALL STREET

Table with columns for 1978-79 High, 1978-79 Low, Jan. 19, 1979, and Stock names. Includes entries like Abbott Labs, AM International, Amstar, etc.

Trafalgar House subsidiary post

Mr. R. J. Cherny has been appointed managing director of YOUNG AUSTEN AND YOUNG the building services subsidiary of the Trafalgar House UK building division.

Mr. Hugh Edlowes has become technical director of APV-KESTNER and Mr. Frank Shaw has been appointed financial manager.

Mr. John Easton has recently been appointed project director for EARLS COURT LTD.

Mr. Russell J. Peters, general manager, Fyffes Line, has been elected to the main board of FYFFES GROUP.

Mr. Alan Packham has been appointed an associate director of GRINDLAY BRANDT'S INSURANCE BROKERS with responsibility for the servicing of clients of the group's UK non-maritime business.

AWAITING ANSWER

Since the convention was first mooted, insurers have been asking: "What is there in this for Britain?" Unfortunately, even at this stage they are still waiting for an answer.

The Lord Chancellor's Department has not yet retorted the criticism that the proposed convention is fundamentally inimical to British interests and has not yet explained how Britain will derive any benefit from it.

Peeding those explanations, it is sensible for insurers to maintain their opposition to a convention which, on any assessment of its worth, must inevitably involve the export of substantial British funds across the Atlantic.

Mr. Michael J. Allwood has been elected director designate of BROWN JENKINSON AND CO.

Mr. Jim Alexander has been appointed managing director of COOPER HEALTH PRODUCTS the UK subsidiary of Cooper Laboratories Inc.

Mr. Michael Gill, previously divisional manager, is appointed agricultural division director of the A&A GROUP.

Mr. Michael Gill, previously divisional manager, is appointed agricultural division director of the A&A GROUP.

INDICES

NEW YORK - DOW JONES
Table with columns for 1978-79 High, 1978-79 Low, Jan. 19, 1979, and various stock indices like Industrial, Composite, etc.

EUROPE

AMSTERDAM, BRUSSELS/LUXEMBOURG, SPAIN, COPENHAGEN, GERMANY, SWITZERLAND, AUSTRALIA, OSLO, PARIS
Tables showing stock prices and movements in various European markets.

CANADA

Table showing Canadian stock prices and movements.

WORLD STOCK MARKETS

Table with columns for 1978-79 High, 1978-79 Low, Jan. 19, 1979, and various international stock indices like MONTREAL, JOHANNESBURG, etc.

HONG KONG

Table showing Hong Kong stock prices and movements.

JOHANNESBURG

Table showing Johannesburg stock prices and movements.

BRASIL

Table showing Brazilian stock prices and movements.

SWITZERLAND

Table showing Swiss stock prices and movements.

AUSTRALIA

Table showing Australian stock prices and movements.

OSLO

Table showing Norwegian stock prices and movements.

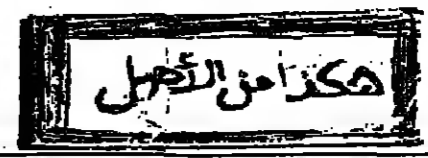
PARIS

Table showing French stock prices and movements.

INDUSTRIALS

Table showing various industrial stock prices and movements across different regions.

INTERNATIONAL CAPITAL MARKETS



INTERNATIONAL BONDS

BY FRANCIS GHILES

Unease over weakening dollar

WHILE EURODOLLAR bond prices gained some useful technical support last week, the international bond markets as a whole remained uneasy.

The \$200m 10-year warrants issue for Bayer continues to be a major market talking point.

deutsche Landesbank cancelled two issues but not because of disagreement with the borrowers.

One of the planned bonds, a DM 40m private placement for a Spanish motorway company, was delayed because of difficulties related to withholding tax.

Apart from three new issues, the event of the week in the Swiss Franc sector was the announcement of the terms of the Carter bonds.

CURRENT INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount m., Maturity, Av. life years, Coupon %, Price, Lead manager, Offer yield %.

BAYER BOND

BY NICHOLAS COLCHESTER

Sizing up the warrants

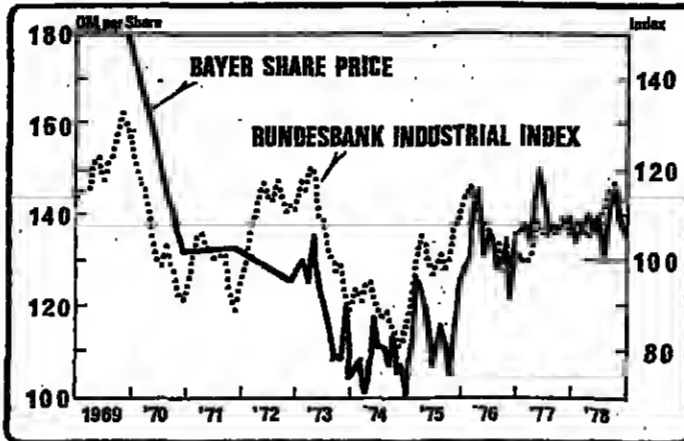
BRITISH entrepreneur Jim Slater used to argue that if investors wanted to give him money for the right to give him more money later, then that seemed a good deal to him.

Is it worth it? The record of the last ten years shows that Bayer's share price has not grown at all.

rights issues and the like by an anti-dilution clause. The warrant exercise price should be adjusted downwards as the share capital expands.

game is that the average warrant is worth 30 per cent of its exercise price — assuming that this is in line with the current share price.

5 per cent per annum and taking the two-year view, Bayer shares will have to rise by just DM 35 over this period to justify investment in the warrant today.



U.S. BONDS

BY DAVID LASCELLES

Events without pattern

ALTHOUGH BOND prices weakened most of last week, in reaction to unfavourable news here and abroad, market observers confess to some perplexity about where events are leading.

In the past seven days, they had to make sense of the following events: Fed chairman William Miller's warning that 1979 must be a year of austerity.

interest rates could be chaotic. Manufacturers Hanover takes another view: in the face of a declining money supply a stronger dollar and an improved U.S. balance of trade, it says "a further tightening on the part of the Fed would not seem to be called for."

MEDIUM-TERM LENDING

Recessionary threat to the capital markets

THE SEVERE recession facing the U.S. threatens to re-awaken several of the liquidity problems that afflicted the international capital markets, according to economists at Amex Bank.

the credit markets in the light of global economic downturn. An American GNP growth rate of 1 per cent this year, accompanied by a slowdown in overall OECD growth, implies a deteriorating trade balance for the LDCs.

Without major attempts at restricting import growth, the current account deficit for the developing nations would widen from 1978's \$34bn to \$47bn this year and \$56bn next year, Amex forecasts.

months of the veerily import bill, signifying a return to the depressed levels of 1975," the forecast says.

place at much higher margins, Amex argues. It projects gross medium-term LDC Euroborrowing this year at \$16bn, rising to \$20bn in 1980, compared with 1978's figure of \$20bn.

BY JOHN EVANS

FT INTERNATIONAL BOND SERVICE

Large table listing various international bonds with columns for Issued, Bid, Offer, Change on week, Yield, and other financial details.

MONEY! — MONEY! — MONEY!

Your essential Guide to the real cost of Living Abroad

LIVING COSTS OVERSEAS

A GUIDE FOR BUSINESSMEN Published by the Financial Times Publishing Ltd.

Before you go... When you arrive... On your return... you can estimate the cost of your stay. You'll find prices for accommodation in a hotel or flat, local knowledge, an business hours, public holidays, currency regulations, tipping and medical services, plus a number of useful addresses.

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Please return to BOOK SALES DEPARTMENT, The Financial Times Business Publishing Ltd., Minster House, Arthur Street, London, EC4R 9AX. Tel: 01-623 1211. Telex: 8814734 BUSPUB G.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Abbey Unit Trst. Mgrs. (a), Franklin Unit Mgt. Ltd. (a), and others with their respective details and prices.

Table of Offshore and Overseas Funds listing funds like Alexander Fund, Allen Harvey & Roy Ltd. (C.I.), and others with their respective details and prices.

INSURANCE AND PROPERTY BONDS

Large table of Insurance and Property Bonds listing various policies and companies such as Abbey Life Assurance Co. Ltd., Crown Life Assurance Co. Ltd., and others with their respective details and prices.

Table of Offshore and Overseas Funds (continued) listing funds like Capital International S.A., Charterhouse Japan, and others with their respective details and prices.

CORAL INDEX: Close 476.481. Insurance Base Rates table with columns for Property Growth and Vantage Guaranteed.

Table of Insurance Base Rates listing various insurance policies and their rates.

NOTES section containing additional information and disclaimers regarding the fund data.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS
Date Title Venue
Jan. 27-31 British Toy and Hobby Fair (01-707 7127) Venue Court
Jan. 28-31 Lightshow 77 (0248 28366) Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Jan. 20-28 International Boat Show—BOOT (01-409 0956) Dusseldorf
Jan. 25-27 International Audiovisual & Communications Show Paris
Jan. 29-Feb. 2 International Sweets and Biscuits Fair (01-409 0956) Cologne

BUSINESS AND MANAGEMENT CONFERENCES

Current Textile Institute: Annual Conference: Cotton in a Competitive World (061-534 8487) (until Jan. 23)
Jan. 22-23 Institute of Offshore Engineering: Risk Analysis of Offshore Installations (031-449 5111)
Jan. 22-23 ESC: 1978 Finance Directors Conference (067 282 477)

Parliament this week

TODAY: Commons. Weights and Measures Bill, second reading.
Select Committees. Public Accounts. Housing associations. Witness: Department of Environment. 4.45 pm. Room 16.

TOMORROW: Commons. Resumed second reading debate on Industry Bill. Security Bill, remaining stages.

WEDNESDAY: Commons. Public Lending Right Bill, remaining stages.

THURSDAY: Commons. Debate on Opposition motion on doubling of prices in under five years. Motion on EEC documents on the steel industry.

FRIDAY: Commons. Private members' Bills.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly not always available whether dividends concerned are interims or year's dividends.

TODAY: COMPANY MEETINGS—Aveo Rubber, Midsummit House, Melton. BOARD MEETINGS—Alexander Discount. General Scepticohed Investment Trust, Wychwood House, 100 Old Broad St. 10.45

CONTRACTS

Pye TMC sells £4m X-Press callmakers
Pye TMC, the Philips subsidiary, has received orders worth £4m from the Post Office for 22,500 automatic dialling callmakers and 70,000 pre-booking instruments.

Public Works Loan Board rates
Effective from January 20
Quota loans repaid At maturity

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.
For advertising details please ring Stephen Cooper 01-248 8000 Extn. 7008

CALEDONIAN HOLDINGS LIMITED OFFER FOR SALE BY NOBLE GROSSART LIMITED.

Articles of association
The articles of association of Caledonian Holdings Limited (the company) are amended to the following effect:
1. Subject to any special rights or restrictions as to voting attached to any class of shares, on a show of hands every member present shall have one vote.

Professional consideration will be given in respect of a purchase of 1,000,000 ordinary shares to applications made by shareholders of Caledonian Holdings on the register as at 12th January 1979 and the preferred application form set out in them.

Copies of this Offer for Sale can be obtained from: Noble Grossart Limited, 48 Queen Street, Edinburgh EH2 2NR. W. Greenwell & Co., Bow Bells House, Broad Street, London EC4M 9EL. Parrysons & Co., 100 West Nile Street, Glasgow G1 2QU

Bank of Scotland
New Issue Department, 26A York Place, Edinburgh EH1 3EY (031-556 9351)
New Issue Department, PO Box 267 30 Bishopsgate, London EC2P 2EH (01-588 7651)

APPLICATION FORM

THE APPLICATION LIST WILL OPEN AT 10 A.M. ON THURSDAY 26th JANUARY 1979 AND WILL CLOSE AT SUCH LATER TIME ON THE SAME DAY AS NOBLE GROSSART LIMITED MAY DECIDE.

Caledonian Holdings Limited Offer for Sale by Noble Grossart Limited

Application form with fields for Name, Address, Number of shares, Amount of cheque enclosed, and a section for the applicant's declaration.

PROCEDURE FOR APPLICATION
Applications (which must be for a minimum of 200 shares and in multiples of 100 shares up to 2,000 shares, in multiples of 100 shares between 2,000 and 4,000 shares, in multiples of 1,000 shares, and thereafter in multiples of 500 shares) must be made on the application form provided and forwarded to Bank of Scotland at either (a) New Issue Department, 26A York Place, Edinburgh EH1 3EY or (b) New Issue Department, PO Box 267, 30 Bishopsgate, London EC2P 2EH.

FT SHARE INFORMATION SERVICE

INDUSTRIAL AND COMMERCIAL CONSTRUCTION Great people to build with Henry Boot Construction Limited

BONDS & RAILS—Cont.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Table of bond and rail prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

AMERICANS

Table of American stocks, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

BANKS & HP—Continued

Table of bank and hardware prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

CHEMICALS, PLASTICS—Cont.

Table of chemical and plastic prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

ENGINEERING—Continued

Table of engineering stocks, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

DRAPERY AND STORES

Table of drapery and store prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and road prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

CANADIANS

Table of Canadian stocks, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

INTERNATIONAL BANK CORPORATION LOANS

Table of international bank corporation loans, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

COMMONWEALTH & AFRICAN LOANS

Table of commonwealth and African loans, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

LOANS

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Table of electrical and radio prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

Table of food and grocery prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

HOTELS AND CATERERS

Table of hotels and caterers prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

INDUSTRIALS (Miscel)

Table of industrial prices, including columns for Issue, Stock, Price, Last, % Chg, and Div. Yield.

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INDUSTRIALS—Continued

Table of stock prices for various industrial companies including British Leyland, British Steel, and various engineering firms.

INSURANCE—Continued

Table of stock prices for insurance companies such as Axa, General, and various life insurance providers.

PROPERTY—Continued

Table of stock prices for property-related companies and trusts, including various real estate investment trusts.

INVESTMENT TRUSTS—Cont.

Table of stock prices for investment trusts, including various equity and income trusts.

FINANCE, LAND—Continued

Table of stock prices for finance and land-related companies, including banks and investment firms.

LEISURE

Table of stock prices for leisure-related companies, including hotels and entertainment venues.

MOTORS, AIRCRAFT TRADES

Table of stock prices for motor and aircraft trade companies, including manufacturers and distributors.

SHIPPING

Table of stock prices for shipping companies, including major international carriers.

SHOES AND LEATHER

Table of stock prices for shoe and leather companies, including manufacturers and retailers.

SOUTH AFRICANS

Table of stock prices for South African companies, including mining and industrial firms.

TEXTILES

Table of stock prices for textile companies, including manufacturers and retailers.

NEWSPAPERS, PUBLISHERS

Table of stock prices for newspaper and publishing companies.

PAPER, PRINTING ADVERTISING

Table of stock prices for paper, printing, and advertising companies.

SHIPBUILDERS, REPAIRERS

(For Shipbuilders see Engineering)

Table of stock prices for shipbuilders and repairers.

TOBACCO

Table of stock prices for tobacco companies.

TRUSTS, FINANCE, LAND

Table of stock prices for trusts, finance, and land companies.

PROPERTY

Table of stock prices for property-related companies.

FINANCE

Table of stock prices for finance companies.

DIAMOND AND PLATINUM

Table of stock prices for diamond and platinum companies.

CENTRAL AFRICAN

Table of stock prices for Central African companies.

INSURANCE

Table of stock prices for insurance companies.

Serving the world with financial expertise. SANWA BANK Tokyo, Japan

MINES—Continued

AUSTRALIAN

Table of stock prices for Australian mining companies.

OILS

Table of stock prices for oil companies.

OVERSEAS TRADERS

Table of stock prices for overseas trading companies.

RUBBERS AND SISALS

Table of stock prices for rubber and sisal companies.

TEAS

Table of stock prices for tea companies.

SRI LANKA

Table of stock prices for Sri Lankan companies.

AFRICA

Table of stock prices for African companies.

MINES CENTRAL RAND

Table of stock prices for Central Rand mining companies.

EASTERN RAND

Table of stock prices for Eastern Rand mining companies.

FAR WEST RAND

Table of stock prices for Far West Rand mining companies.

O.F.S.

Table of stock prices for O.F.S. companies.

FINANCE

Table of stock prices for finance companies.

REGIONAL MARKETS

Table of stock prices for regional markets.

OPTIONS

Table of options prices for various stocks.

Vertical text on the right side of the page containing various notices and market information.



Cost of Sullom Voe 'could top £1bn'

BY KEVIN DONE, ENERGY CORRESPONDENT

THE COST of building the Sullom Voe oil terminal in the Shetland Islands will rise to more than £1bn if additions to the project planned by British Petroleum, the terminal manager, are approved. The terminal, which is vital to the UK's hopes of reaching self-sufficiency in crude oil production by 1980, is already expected to cost at least £813m. But this will rise to more than £1bn if plans for four more crude oil storage tanks, a fifth jetty and two more crude oil loading pumps are given the go-ahead.

Most pay deals now over 5% says CBI study

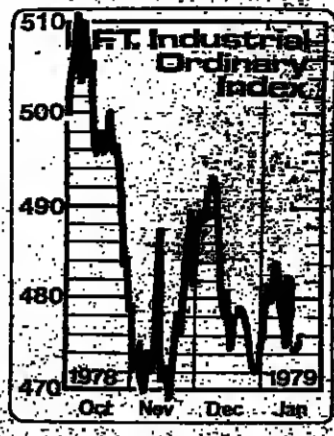
BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MOST EMPLOYEES who are now signing pay deals are getting more than the Government's basic 5 per cent pay limit according to figures released this morning by the Confederation of British Industry. Statistics collected by the CBI's pay data bank show that most of the 1.6m people now covered by 537 pay deals have exceeded the basic limit either by using pay White Paper's exceptions for low-paid workers and productivity deals or by ignoring the White Paper's rules.

A fine balance in equities

THE LEX COLUMN

Can nothing shake this equity market? For the past three months the FT 30-Share Index has not strayed by more than 3 per cent either side of 480, on Friday night it closed at 478.9. During the period expectations about inflation have significantly worsened, while industry is faced with physical disruption and now the Government is trying to attack company profits once again through the Price Commission—a nasty practice which it largely gave up several years ago. But through all this, share prices have remained resolutely steady.



Interest rates. Expected dividend growth has recently been stalling the gap between yields on equities and gilts. Already, however, gilt-edged yields have been tending to rise and the appearance of any serious threat to dividend growth would leave share prices vulnerable.

Comecon barter deals 'could threaten jobs in the West'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

BARTER DEALS with Eastern Europe by multinational companies might put at risk the jobs of thousands of workers in the West, including the UK, according to a study by the General and Municipal Workers' Union. The study, in the form of a booklet written by Mr. David Warburton, the union's national chemicals officer, gives details of 160 contracts and transactions involving Western multinational chemical groups and process plant contractors in Eastern Europe.

Big response likely to action day call

BY CHRISTIAN TYLER, LABOUR EDITOR

PUBLIC SERVICES will be disrupted, schools closed and some hospital and ambulance work stopped today in many parts of the country. Unions representing nearly 1.5m low-paid manual workers expect a big response to their call for a day of action. But a ban threatened by London ambulance on emergency work was lifted yesterday by shop stewards. They then met Mr. David Ennals, Social Services Secretary, who agreed to look again at their case for more pay later this week.

Third bid for wheat agreement

BY JOHN EDWARDS, COMMODITIES EDITOR

A THIRD ATTEMPT to negotiate a new international wheat agreement aimed at controlling world prices begins in Geneva today. The aim of the three-week talks is for countries exporting and importing wheat to agree on stabilising prices by regulating supplies coming on to the market. This would be done by building nationally-held reserves stocks in times of surplus supplies, such as now, to be released in time of shortage.

Meeting resumes today on lorry drivers' strike

BY NICK GARNETT, LABOUR STAFF

TALKS BETWEEN employers and unions in the road haulage dispute will continue this afternoon after more than seven hours of discussions yesterday. Whether the Road Haulage Association nor the two unions whose drivers are on official strike were prepared to divulge details of yesterday's talks, held under the auspices of the Advisory Conciliation and Arbitration Service.

Weather

Table with weather forecasts for UK TODAY, BUSINESS CENTRES, and HOLIDAY RESORTS.

Kuwait moves to free extra oil

BY LESLIE MITCHELL IN KUWAIT

KUWAIT, which for months has refused to sell any extra crude oil to compensate for the shortages caused by the crisis in Iran, is considering signing special, short-term contracts with three of the Iran Consortium members for 40,000 barrels a day each of Kuwait 31 API crude oil. Although the amount would not seriously dent the shortfall of about 5m b/d caused by the Iran crisis, it could encourage other OPEC countries to start supplying extra oil.

If you judge a bank by results, take a look at Sanwa Bank.

Sanwa Bank advertisement featuring a 3D bar chart and financial highlights table.